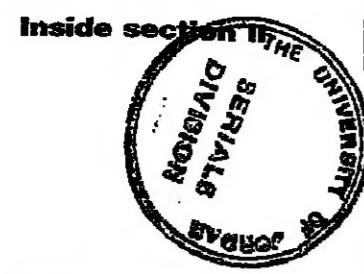


day September 17 1993

in results

## Weekend FT



On patrol in  
the townships  
of death  
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# FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND SEPTEMBER 18/SEPTEMBER 19 1993

DEBORA

## Hint of Olympics boycott if China loses 2000 Games



A Chinese Olympics official warned that the country might boycott the 1996 Games in Atlanta unless Beijing was chosen as the site for the Games in 2000. His comments were later rejected by Beijing. A decision on the site for the millennial Olympiad will be made by the International Olympic Committee on Thursday. Page 22; Beijing may pay for the fast pace, Weekend Page XV.

**Japan plans reforms:** Japan's coalition government approved plans to overhaul the country's scandal-prone political system. They include the introduction of proportional representation and restrictions on donations to individual politicians. Page 3

**US phone company to cut jobs:** US West, Denver-based regional telecommunications company, is to shed 9,000 jobs - 15 per cent of its workforce - to cope with rapidly-growing competition in the US local telephone industry. Page 10

**PLC plans Washington base:** The Palestine Liberation Organisation plans to open an office in Washington when the US lifts its ban on contacts with the organisation. Page 3

**Serb leader survives mutiny:** Bosnian Serb leader Radovan Karadzic survived a mutiny by his elite army corps when it lifted its blockade of Banja Luka, the biggest Serb-controlled city. Page 2

**US ties aid to human rights records:** The US told the central Asian republics that aid will in future be tied to their records on human rights. Page 3

**Broken Hill Proprietary:** Australian mining and steel group, raised first-quarter profits after tax by 22.1 per cent to A\$316.1m (US\$208m), helped by its steel division's strong performance. Page 10

**Record wheat harvest:** British farmers produced more wheat per hectare this year than ever before, in spite of a decline of 3 per cent in the overall harvest of grains. Page 5

**Problem-free republics:** Australian prime minister Paul Keating said in London that most Britons would not object to Australia becoming a republic. Page 3

**Unions divided:** Trade union opposition to the UK government's plan to freeze public sector pay next year is divided ahead of next week's TUC strategy meeting. Page 22; Keeping the lid on pay rises, Page 6

**Inflation pushes FT-SE 100 down**

**FT-SE 100 Index**  
Hourly movements  
3,040  
3,020  
3,000  
2,980  
15 Sep 1993 17  
Source: Reuters

**Molins hits profits:** Precision engineering group Molins lifted pre-tax profits for the first half by 14 per cent to £8m because of strong sales of tobacco machinery. Page 8

**Shops offer Sunday opening pledges:** Retailers in favour of Sunday opening promised to defend shopworkers' rights and said they would support statutory controls on pay and conditions. Page 4

**Brussels faces storm over milk:** The European Commission faces hostility when it proposes next week to cut sharply an expensive subsidy on milk for 31m EC schoolchildren. Page 2

**FT STOCK MARKET INDICES**  
FT-SE 100: 3,005.5 (-1.6)  
Yield: 3.9  
FT-SE Eurotrack 100: 1265.02 (-7.95)  
FT-SE All Share: 1,044.28 (+0.1%)  
Nikkei: 20,391.04 (-11.11)  
New York: 3,006.82 (-24.03)  
S&P Composite: 350.03 (-1.4)

**US LUNCHTIME RATES**  
Federal Funds: 2.15%  
3-mo Tres Bill: Yld: 2.92%  
Long Bond: 10.32%  
Yield: 8.02%  
**BNP likely to focus on**  
**London** ..... Page 4  
**Ashdown focuses on**  
**economic policy** ..... Page 5

**London Money**  
3-mo Interbank: 5.12% (same)  
Libor: 11.22% (Sep 11.22)  
**NORTH SEA OIL (Argus)**  
Brent 15-day (Nov) ..... \$16.14 (16.01)  
**Gold**  
New York Comex (Dec) ..... \$322.8 (354.7)  
London ..... \$320 (352.25)

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## Minimum pension may be scrapped

Proposals part of government campaign to reduce state benefits and ease private sector's involvement

By Norma Cohen  
and Alison Smith

**PROPOSALS TO SCRAP** the Guaranteed Minimum Pension, which helps protect the value of millions of occupational pensions against inflation, are being considered by the government.

The move is being examined as part of the government's desire to roll back state-provided benefits and to make it easier for the private sector to fill the gap. Whitehall officials have been meeting pensions industry experts over the past few months to discuss possible replacements.

Shifting responsibilities from the state to individuals or to employers is one of the most controversial elements in the govern-

ment's longer-term efforts to cut the rising social security budget.

Employers are currently required to provide a Guaranteed Minimum Pension (GMP) for workers who choose to contract out of the State Earnings Related Pension Scheme (Serps). These pensions rise by three per cent a year to protect pensioners against inflation.

Although many pensioners in occupational schemes receive more than the GMP, the system provides a floor as well as a

mechanism which ensures most schemes operate benefits yearly.

GMP acts as a safety net for pensioners whose scheme assets fail to provide enough to cover their promised benefits by ensuring they at least receive the minimum amount guaranteed by the original 1978 legislation which established the state pensions scheme.

The pensions industry has argued that GMP, first introduced in 1978 before most occupational pensions offered inflation-

linked increases, is now unnecessary and introduces burdensome record-keeping requirements.

Government ministers are also understood to have given private indications that they will address the broader issue of the state earnings related benefits scheme as part of its review of social security spending which they feel is growing at an alarming rate.

If the government were to stop GMP entirely it would be attacking a cornerstone of old-age provision in the UK.

Employers whose schemes contract out of Serps earn rebates of National Insurance contributions and in return, promise to provide minimum levels of benefit for their scheme members.

From 1988, employers promise to increase the GMP portion of pension annually by three per cent, and for those whose service has been interrupted to update the GMP portion at seven per cent per year for each year until the pension is drawn.

The pensions industry is

urging the government to address the matter when it publishes its recommendations on equalisation of state pension ages for men and women because GMP, available to men and women at different ages, must also be equalised.

A spokesman for the Department of Social Security said:

"The government is aware that employers feel there are problems with administering the GMP and that they would like to see simpler alternatives introduced."

"However, if GMP were to be abolished there would have to be alternative contracting out arrangements to ensure the system operated properly and that the pensions positions of individuals was protected."

## Delors pushes for monetary 'fortress Europe'

By Lionel Barber in Brussels

**MR JACQUES DELORS**, president of the European Commission, is pressing for a monetary "fortress Europe" to deter US and other non-EC speculators from targeting currencies inside the European Monetary System.

After days of confusion, senior EC officials have confirmed that Mr Delors favours selective measures such as temporary capital controls on foreigners engaged in short-term speculation - such as Mr George Soros, the New York-based investor.

Mr Delors called for collective EC action against speculators on Wednesday during a bitter and at times emotional speech to the European parliament in Strasbourg, in which he attacked "Anglo-Saxon" critics of European Monetary Union and branded currency speculators as "golden boys".

Many interpreted Mr Delors' remarks as advocating at least partial reimposition of capital controls.

The president's chief spokesman, however, said the Commission president had been misinformed and that the importance of the speech had been overestimated because it had "only" been delivered to the European parliament.

That interpretation looks like a direct threat to money market fund managers such as Mr Soros, who made \$1bn (£600m) profit betting on a sterling devaluation last year.

It is certain to provoke charges in the UK, Germany, Japan and the US - all of which favour the freedom of movement of currencies and are sceptical that governments can regulate the \$1,000 billion daily foreign exchange market.

It emerged yesterday, though, that senior EC officials were privately shocked by Mr Delors' comments, since they left the impression that he sided with a minority of French and other

continental commentators who have blamed the EMS collapse on a currency plot by "Anglo-Saxons".

Other officials remain unmoved at Mr Delors' suggestion of collective EC action to impose

EC's plan for milk subsidy cut likely to turn sour ..... Page 2

a so-called "safeguard" clause allowing all member states to introduce temporary controls to deal with adverse capital movements affecting their currency and monetary policies.

Senior Brussels officials emphasised yesterday that Mr Delors was not advocating reimposition of capital controls within the single European market, but was interested in targeting investors engaged in short-term speculation, operating from New York or Tokyo. "Delors is drawing a distinction between what happens inside the EC and what happens outside," said one.

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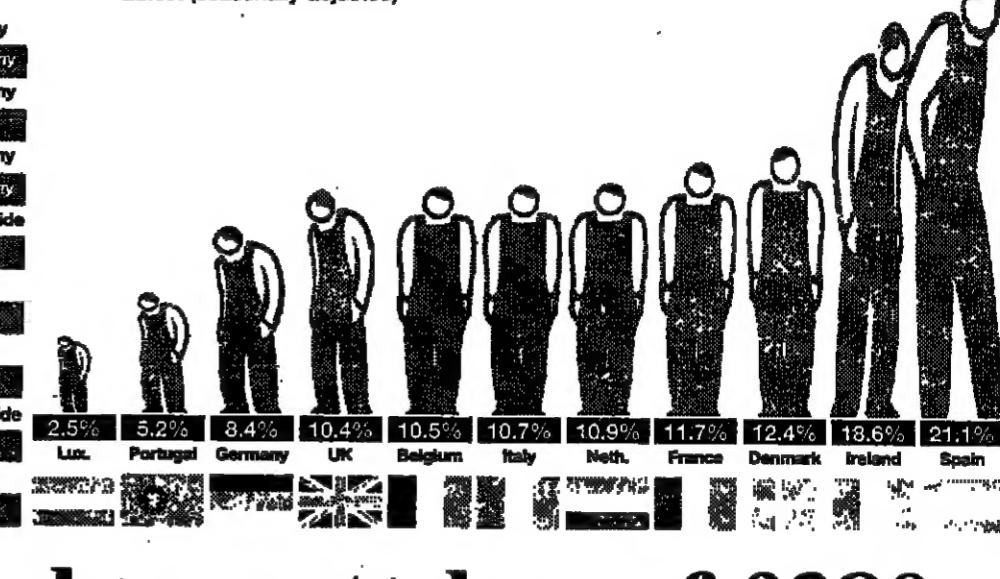
Continued on Page 22

## Unemployment cuts a swathe across Europe

The last fortnight's biggest job loss announcements

Company	Number	Country
Daimler-Benz	40,000	Germany
BASF/Hoechst/Bayer	25,000	Germany
British Gas	20,000	UK
Ruhrohne	12,000	Germany
VEB	10,000	Germany
GME/Vauxhall	7,800	Euro-wide
Bull	6,000	France
Ireland Revenue	4,000-5,000	UK
Elf-Aquitaine	4,000	France
Seat	4,000	Spain
Rolls-Royce	3,100	UK
Du Pont	3,000	Euro-wide
Prudential	2,000	UK
Thomson-CSF	1,700	France
TAN	1,500-1,200	UK

The unemployed as a proportion of workforce  
Latest (seasonally adjusted)



By David Waller in Frankfurt and Kevin Done in London

**DAIMLER-BENZ**, Germany's largest industrial company, plunged to a net loss of DM949m (£380m) in the first half of 1993, a swing of nearly DM2bn from the same period last year.

The US-style figures reveal a much clearer picture of the underlying losses of what has traditionally been Germany's most successful industrial company.

The results expose the full consequences of the German recession on the group, which said it had also suffered an "enormous fall in revenue" as a result of the

losses disclosed for the first time, as Daimler-Benz was forced to present its financial results according to US accounting conventions ahead of its imminent listing on the New York Stock Exchange on October 5.

It will become the first German corporation to be listed on the NYSE, the world's largest equity market.

The investigation will be carried out by Mr Jonathan Davies, chairman of the Liberal Democrat regional party in London.

Mr Jonathan Matthews, secretary of the Liberal Democrats' Tower Hamlets branch, said local party members would go along with the investigation, but vehemently denied that they were racists. "We have a lot of Bangladeshi members."

We fought an extremely strong campaign and a very, very straight one. There wasn't the slightest hint of trying to take advantage of any racial tension."

The immediate concern in Tower Hamlets is whether the BNP victory will lead to an increase in the already serious level of racially motivated violence on the streets.

appreciation of the D-Mark over the last year.

The full impact of this is disguised under German accounting, which allows the release of provisions from so-called hidden reserves to camouflage the operating losses. Under German rules the group made a profit of DM168m for the first six months, down from a profit of DM1.2bn in the same period of last year.

De

## NEWS: INTERNATIONAL

# Russia may ban internal use of dollar

By John Lloyd in Moscow

THE RUSSIAN government plans to introduce a package of economic reforms, including banning the use of the dollar within the country, as part of a drive to pull the country back from the brink of hyperinflation and again make it eligible for sustained western assistance.

The measures are being finalised by Mr Yegor Gaidar, the radical economist who was acting prime minister until last December, rejoins the government in the role of first deputy prime minister in charge of the Security Council.

The acceptance of the job was conditional on the removal of Mr Oleg Lobo from the post of first deputy prime minister. Mr Lobo may be "promoted" to the influential secretary-general of the Security Council.

The banning of the use of foreign currency, widely used, has been proposed several times in the past year but always delayed because of Russians' preference for hard currency as a stable unit of value.

A steep slide in the rouble abated two months ago, and its current worth is Rbs1,025 to the dollar. But because of inflation, the purchasing power of the rouble falls by 20-30 per cent a month.

The government could stop the right of Russians as well as foreigners to hold dollar bank accounts, as well as forbid its use in retail outlets. However, such a move would be extremely difficult to police and would be avoided.

The measures, probably to be

introduced in a series of decrees, will also include:

- Raising value added tax on a range of goods by 7 percentage points from a current average of 15 per cent. Proceeds would go into a fund to support the energy industries.
- Increasing marginal rates of income tax on all salaries over Rbs12m (\$12,000) to 50 per cent from a flat rate of around 30 per cent.
- Raising import duties on cars and other goods.
- Further restriction of credits to industries, except for special cases.
- A tough review of capital investment programmes.
- Postponing interest payments on government debt to the central bank until 1997.
- Cutting imports of raw materials by 30 per cent.

The package, constructed by Mr Boris Yeforov, the deputy premier in charge of finance, would, if carried through, pit the government directly against the powerful agricultural and industrial lobbies whose interests are in continuing subsidies and soft credits.

The government, harried by foreign countries to which it is vastly indebted, has decided to try again for macroeconomic discipline, with the lustre of Mr Gaidar's name giving the project credibility.

Mr Gaidar will face an all but impossible task - with a budget deficit plunging beyond 10 per cent of the gross domestic product, a hostile parliament and a potentially difficult relationship with Mr Yeforov, who has been in charge of economic reform.

"DON'T LET the brown rat-catchers into the Rathaus," Hamburg's popular Morgenpost newspaper shouted in its front-page headline yesterday. "They want to take our taxes."

It was quoting a colourful image coined by Mr Henning Voscherau, the city mayor. The rat-catchers are the extreme right-wing parties seeking to mobilise the growing fears of German citizens over immigration, law and order, a European currency, and the rising costs of unification. Nazi brownshirts once exploited the same sort of xenophobia.

The Rathaus is Hamburg's city hall, the seat of the city parliament, which is up for election tomorrow with the result still wide open. All the main political parties look set to lose support.

As for the literary context, it is a reference to that famous rat-catcher of Hamelin, the pied piper, who enticed the town's children to a never-never land with his magical music.

After weeks of trying to

ignore the menace of a right-wing extremist vote in the election, the German media are finally taking the threat seriously.

And the prospect of either or both of Germany's radical right-wing parties - the Republicans or the German People's Union (DVU) - winning a handful of seats in the parliament has got the entire political establishment rattled. Hamburg is seen as setting the trend for no fewer than 19 national, state and local elections in the next year.

The police are preparing for violent clashes tomorrow night, with extreme left-wing, anti-fascist groups organising a rally at the central station, just as the two right-wing leaders - Mr Fritz Schönhuber of the Republicans and Mr Erich Frey, the millionaire publisher behind the DVU - will be turning up in the Rathaus square.

Whether they win seats or not, they seem certain of close attention.

The city of Hamburg, based

on its great international port, was a centre of anti-Nazis even at the height of Hitler's power.

His party never won a democratic majority there when it swept the rest of the country in the 1930s.

For Mr Voscherau, the Social Democrat mayor seeking re-election, his highest priority is

low the rat-catchers of the Rathaus.

Perhaps it was the weather rather than the political mood which kept the numbers down, but Mr Voscherau's party seems certain to lose its absolute majority for only the third time in 46 years, in the face of growing political apathy and cynicism in the electorate at

the level of those who don't know or won't say: 25 per cent have not yet decided, and 17 per cent refuse to say whom they would support. The latter could well be tempted by the far right.

"There is a popular anger about, which we absolutely have to tackle before the federal elections next year," Mr Voscherau says.

"We need more social justice, straight-talking, morality and decency from the political parties... we need to take radical action to ensure the protection of life and limb, of property and the sense of security of the small people in society."

"It is that anger which is giving the right-wingers the fueling that they are getting the upper hand."

But as for Mr Voscherau's unfortunate image of the rat-catcher, he seems to have forgotten that it was the incompetence and miserliness of the Hamelin town council which caused the pied piper to play a different tune.

What is most worrying for all the main parties, however,

The extreme right-wing parties are seeking to mobilise growing fears over immigration and law and order

large.

At the same time, Chancellor Helmut Kohl's Christian Democratic Union (CDU) - the ruling party in Bonn but the opposition in Hamburg - looks to be in an even worse state.

Mr Kohl pulled in an invited audience of 2,500 at the Hamburg International Trade Fair for his rally on Thursday night, but his speech was lacklustre and low-key, and the

## EC's plan for milk subsidy cut likely to turn sour

By David Gardner in Brussels

THE European Commission, no stranger to controversy, is set to walk into a storm of hostility when it proposes next week to cut sharply an expensive subsidy on milk for 31m EC schoolchildren.

There is still some dispute about the size of the proposed cut. But it is likely that Brussels will be fined in popular demonology with the likes of former US prime minister Mrs Margaret Thatcher - who as education secretary in the early 1970s earned the sobriquet of "milk-snatcher" for cutting free school milk - especially as Britain's current Conservative government is unhappy about the measure.

The cut will be debated by EC agriculture ministers on Tuesday. According to UK officials the Commission is proposing to halve the subsidy, risking the continuity of a scheme taken up by local authorities across Europe, particularly in the UK.

Only the Dutch are happy to sanction the cut, with France prepared to consider it. Germany and the Mediterranean countries are determined the subsidy will not be touched.

The UK is somewhere in the middle, wanting both savings for the EC budget and to avoid bad publicity.

Last year the EC laid out Ecu238m (£180.77m) on the subsidy, according to figures from the Commission, which originally proposed to cut outlays back to Ecu199m by next year. Officials now say the cut will be significantly less, to Ecu176m. Across the EC, 143,000 schools get the subsidy for 31m children; in the UK 31,000 schools with some 8m children receive it.

The subsidy was originally financed through the revenue from penalties levied on milk producers for exceeding the production quota fixed by the EC. These levies were abolished by last year's reform of the Common Agricultural Policy (CAP), under which Ecu4.4bn was spent on the dairy sector in 1992.

With the CAP budget now strained to its near-Ecu36bn limit, the Commission and the EC are looking for cuts, especially as bills mount to buy off producer interests unhappy with the production, export and price cuts called for by the CAP reform and as part of the Uruguay Round trade talks.

manpower for Bosnia's Serb army," Mr Zedirovic said.

The mutiny appeared to be an attempt to weaken Mr Karadzic, who has emerged from recent peace negotiations in a strong position. He managed to overrule the objections of his commander, General Ratko Mladic, and hand over a small amount of Serb-held territory to Bosnia's president Alija Izetbegovic for the proposed mostly Moslem republic.

There is continuing confusion about who instigated what is seen by some as an attempted coup. Mr Vojislav Seselj, president of the powerful ultra-nationalist Serbian Radical Party, denies his involvement. He blames the Communist Party Movement for Yugoslavia which is led by Mr Milosevic's wife, Mrs Mirjana Markovic.

In the first sign of the expected power struggle between Serbia's two strongest leaders, Mr Seselj threatened to call a no-confidence vote in Mr Milosevic's Belgrade government. Mr Seselj accused Mr Milosevic of trying to separate Serbia from Serbs living in Bosnia and Croatia. Mr Milosevic seems increasingly keen to broker a peace settlement in the hope of lifting UN sanctions. Yesterday international mediators Lord Owen and Mr Thorvald Stoltenberg arrived in Belgrade in an effort to win his endorsement ahead of the proposed signing of the peace plan on Tuesday.

As the mediators shuttled between the different political groups, the leaders of the three communities appear to be moving closer to signing a peace package. But Mr Izetbegovic insists that his landlocked republic must get more land from Serb and Croat leaders before he signs any deal.

• Bosnian and Croat commanders yesterday formally agreed to implement a ceasefire in central and southern Bosnia, which, according to the agreement signed by their leaders in Geneva earlier this week, should take effect today.

But as a sign of tension that could wreck the deal, fighting continued between Moslem and Croat forces in central Bosnia, with fierce clashes around Vitez and Mostar.

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Watched by Polish President Lech Wałęsa, the Duke of Edinburgh kneels during the funeral of General Władysław Sikorski, the country's wartime leader, in Krakow yesterday

## Russian troops depart as Poland buries Sikorski

By Christopher Bobinski in Warsaw



THE last Russian soldiers on Polish soil are due to leave this morning, a day before Poles chose a new parliament in the country's fourth national election since the communists relinquished power in 1989.

In a ceremony at his official residence in Warsaw's Belweder Palace yesterday, President Lech Wałęsa bade farewell to representatives of the Russian contingent which had, at its peak, numbered 64,000.

Poland will thus be free this weekend of foreign troops for the first time since 1939. Hours before the ceremony, on the

50th anniversary of the Red Army's invasion of Poland, Mr Wałęsa attended the funeral in Krakow of General Władysław Sikorski, the country's wartime leader.

A survey carried yesterday in the *Szczecin Express* newspaper in violation of a ban on publication of poll results 12 days before the election, predicts the farmers' PSD party will top tomorrow's ballot with a 20 per cent share.

The poll puts the former communist PSD movement in second place with a 16 per cent share, leaving the Solidarity-based UD party in third place, with 13.5 per cent of the ballot.

The poll suggests that only six parties will enter parliament while the free market KLD group, which has held posts such as the privatisation ministry will fail to reach the 5 per cent of the ballot limit needed to enter parliament.

Poland has used Mr Wałęsa's statement to press Nato for a declaration of intent on future Polish, Czech, Slovak and Hungarian membership.

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Economists said the second quarter figures needed to be interpreted with care. Using the measure of market sector GDP, which excludes state services and more widely used in France until now, economic activity contracted 0.1 per cent in the first quarter.

The increase, which included a 7 per cent rise in spending on cars is, however, expected to be offset in the July-September period by the effect of increased taxes. The Contribution Sociale Générale, a tax on all income, and levies on petrol and alcohol, have all been raised since July.

France maintained its forecast that GDP would fall by 0.7 per cent for the year as a whole. The consensus among private sector economists is a decline of about 1 per cent.

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France maintained its forecast that GDP would fall by 0.7 per cent for the year as a whole. The consensus among private sector economists is a decline of about 1 per cent.

Industrial output also

reversed its decline in the second quarter, rising by 0.2 per cent after a contraction of 1.8 per cent in the January-March period. But investment fell for the eighth successive quarter, declining by 1.2 per cent.

## Four Japan reform bills get go-ahead

By Robert Thomson in Tokyo

JAPAN'S coalition government yesterday approved four bills to overhaul the country's scandal-prone political system, setting the scene for a parliamentary battle with the opposition Liberal Democratic party.

The coalition has promised that the bills will become law by the end of the year, meaning that Mr Morihiro Hosokawa, the new prime minister, will need to secure their passage during a 90-day extraordinary parliamentary session which began yesterday.

Mr Hosokawa's proposals will be challenged by Mr Yohei Kono, who is certain to remain as LDP president after the position was declared open to challengers yesterday. The only potential challenger, Mr Michio Watanabe, the former foreign minister, has decided not to stand.

"I will be a strong opposition leader," said Mr Kono, who was chosen as president after the LDP lost its parliamentary majority at a general election in July.

His party will force prolonged debate on the four bills, which include replacing the present multi-seat constituencies with a mix of single seats and proportional representation.

Under the coalition proposal, the 511 seats in the lower house, the more powerful of Japan's two houses, will be replaced by a 500-seat system, with 230 representatives chosen from single seats and 250 from a separate

vote for proportional representation candidates.

The bills include restrictions on donations by companies to individual politicians and their support groups, while a central election fund of about ¥41.4bn (£25.9m) would be established to subsidise parties and reduce their dependence on donations, seen as the cause of most corruption.

But doubt remains about the seven-party coalition's commitment to reform, as some members of the Social Democratic party, formerly the Japanese Socialist party, argue that the changes will benefit the LDP, which remains the largest single party.

The SDP's position will be influenced by the outcome of an election beginning today for a new leader to replace Mr Sadao Yamashita, who resigned to take responsibility for the party's poor performance at the July election.

One candidate, Mr Tomio Murayama, will continue support for the coalition's policies, while a far left-wing candidate, Mr Masatoshi Ito, opposes the electoral system bills.

Divisions within the SDP highlight the fragility of the coalition, which has indicated that an election will be called after the electoral reforms are implemented.

There is also a dispute between Mr Hosokawa and the Japan Renewal party, a coalition member, which has suggested that an election should be called later this year even if the bills are not passed.

## Tokyo prepared for 'pain' on jobs and restructuring

By Emiko Tarazono in Tokyo

JAPAN'S new government is bracing itself for a rise in unemployment as structural changes in the country's economy lead to drastic corporate restructuring and redundancies.

Mr Hiroshi Kumagai, minister of international trade and industry, yesterday warned that lay-offs and corporate restructuring were inevitable, and that Japan would undergo "painful times" for which there was "no quick panacea".

So far, Japanese companies have coped with the downturn in the economy by cutting labour costs through staff relocation, lending employment to other companies, and temporary lay-offs. The country's bureaucrats have denied the possibility of wide-spread redundancies because companies fear a labour shortage when the economy recovers.

Unemployment has been contained at 2.5 per cent. However, companies face high levels of "in-house unemployment", bearing the overhead burden

for staff who have nothing to do. "Real unemployment would be substantially higher than 2.5 per cent if such staff were considered," said Mr Kumagai.

Large companies are now starting to drop such employees. Last month, Nippon Telegraph and Telephone, the telecom company, announced it would cut about 10,000 employees through voluntary retirement by the end of next year.

Nippon Steel, the world's largest steel-maker, said it was about to reduce the number of administrative staff in its steel division.

William Dawkins adds: Further evidence of Japanese consumers' cautious mood emerged yesterday, with Tokyo department stores reporting falling sales in August for the 18th month in a row.

Last month's sales fell by 6.6 per cent from those of August 1992, said the Japan Department Stores Association. It attributed the decline to an unusually wet summer which, combined with the yen's continued rise, has pulled Japan close to recession.

## New Nigeria bank chief

By Paul Adams in Lagos

MR Paul Oguma was nominated as governor of the Central Bank of Nigeria yesterday, in the latest key official posting by the interim government.

It is unclear whether the appointment will survive the government, which is due to stand down next March.

Mr Oguma succeeds Mr Abdulkadir Ahmed, who had held the post for more than a decade, during which time

there were steep devaluations of the naira, balance of payments crises and uncontrolled public spending.

Mr Oguma has held two previous banking appointments - managing director of two of the top commercial banks, Union Bank of Nigeria and United Bank for Africa - before he recently set up a consultancy. He is thought to favour free market policies, but inherits an inefficient foreign exchange system and insufficient money supply controls.

## Sun still shines for big bucks tourism

Damian Fraser finds Florida unshaken by murders among holiday-makers

THE MURDER of nine foreign visitors in a year is the stuff of public relations nightmares for every tourist destination. Florida reached that unenviable record on Tuesday, with the killing of the British holiday-maker Mr Gary Colley. It is waiting anxiously for the full impact on its premier industry.

Florida is the world's most popular tourist spot, having overtaken California last year. A little more than 41m tourists - about 36m Americans and 7m foreigners - came to the Sunshine State last year, up 3 per cent more than the year before.

Tourism is also Florida's largest industry. Tourist spending was \$31bn (£20.1bn) last year, or 22 per cent of the total in the state. The industry employs more than 1m directly and indirectly, says Mr John Crotts, a specialist in tourism at the University of Florida. If tourism suffers a downturn, then effects ripple through the state, affecting the property market and other sectors, says Mr Mark Vitner, an economist at First Union Bank.

Florida authorities are the first to admit the negative publicity from the killings will have some short-term impact. Mr Greg Farmer, commerce secretary, says the industry might suffer a 15-25 per cent decline this year, although officials admit it is too early to be precise.

Of particular concern is the booming convention business, which received 680,000 delegates last year. "They look for safety," says Mr Crotts, "and the perception is Florida is not safe".

Travel agents expected the biggest impact in the overseas market, the fastest-growing segment of the tourist industry. They spoke of the immediate reduction in bookings from German-speaking countries, and expected the UK tabloid newspaper coverage of the murder of Mr Colley to have its effect on the UK market. With more than 1m tourists to Florida annually, the UK sends the largest number of its citizens to the state after Canada.

The immediate problem is not cancellations. These are unlikely just now, given the deposits tourists pay,

but the winter season, for which bookings are now being made, is another matter.

The overseas tourists will be further put off by the appreciation of the dollar against European currencies. The Association of British Travel Agents (ABTA) expects growth of UK tourism to Florida to slow to single digits per cent this year, from 22 per cent growth last year.

But the ABTA doubts there will be a decline of UK tourism, since most would-be tourists realise that the odds against them being subject to a crime remain long. For every 10,000 visitors, the chances are that fewer than one of them would encounter a crime in the whole state - outside Miami, the chance is considerably less.

Mr Vitner and other economists initially doubt the impact of recent murders will be "catastrophic", as Mr Farmer put it. Florida has enormous advantages - winter sun, beaches, the world's best theme parks in Orlando, and a huge amount of repeat business

from Americans with homes or relatives in the state.

Florida has established a critical mass of highly competitive tourist services that offer some of the cheapest and best-value accommodation in the world. The average hotel room in the state cost just \$67 a night in 1991, a medium-size car can be rented for less than \$30 a day, and an array of national and international air connections makes the state easily and cheaply accessible to Europe, Latin America and the rest of the US.

Florida boasts varied attractions. Miami, notwithstanding all its dangers, has become a commercial hub of the Americas with companies such as AT&T and General Motors setting up regional Latin American headquarters in the city. Latin Americans come from all over their region to shop. Last year, for the first time, foreign visitors (4.7m of them) overtook US ones (3.8m). Of the international visitors, some 37 per cent are Latin, and 27 per cent European.

Orlando, by contrast, brings in mainly US tourists, though Europeans are catching up quickly (growing by 32 per cent last year). Much safer than Miami, Orlando attracts families and increasingly businessmen going to Disney World.

As the state's most important industry, tourism enjoys privileges. Hundreds of murders of locals barely raise an eyebrow in the state but the killing of Mr Colley and, last week, that of the German Mr Uwe-Wilhelm Rakebrand, set off a massive campaign to promote tourist safety, including 24-hour patrols of highway rest areas, plain-clothes police searching for lost tourists, and free telephone advice to tourists.

Fear is not yet detering investors. This week, Universal Studios voted with its cheque book on the future of Florida's tourism industry by announcing an estimated \$3bn expansion in Orlando, including a Jurassic Park theme park, hotels, a convention centre and golf courses.

## PLO intends to open office in Washington

By Roger Matthews, Middle East Editor

THE Palestine Liberation Organisation said yesterday it was planning to open an office in Washington as soon as the US lifted its formal ban on contacts with the organisation.

Mr Saad Erekat, deputy head of the Palestinian negotiating team at the Washington talks on the Middle East, said in Amman that he expected the US would announce an end to the ban in about three weeks. The PLO mission would not have diplomatic status but would fulfil a political role, said Mr Erekat.

Mr Yasir Arafat, PLO chairman, said on his return to Tunis, a week after the signing in Washington of the outline of an interim peace agreement with Israel, that Palestinians should now consider US President Bill Clinton a friend.

PLO officials are anxious to build quickly on the new relationship with the US, in order to facilitate economic aid for the occupied territories and to assist in the difficult negotiations.

tions with Israel that lie ahead.

Opponents of the Israeli-PLO agreement yesterday stepped up efforts to marshal opposition to the deal. Leaders of Hamas, the radical Islamic faction operating in Gaza and the West Bank, went to Damascus for talks with Syrian officials and other Palestinian factions.

Hamas has agreed a truce with the PLO in the occupied territories but it believes that Mr Arafat has betrayed the Palestinians. It has pledged to continue the armed struggle against the continued presence of Israeli troops. Hamas leaders are also looking for support from Syria, which remains sceptical about the PLO-Israel accord but sent a representative to the signing ceremony.

If Syria were also to reach an agreement with Israel, that would represent a blow to Hamas - even more so to Hizbullah, the radical Shia Lebanese organisation which is fighting to end the Israeli presence in south Lebanon. Syria is the main conduit by which arms and financial support from Iran reach Hizbullah.



NOT ALL THE QUEEN'S MEN: Australian PM Paul Keating inspects a guard of honour in London yesterday

Picture: Ashley Ashdown

## US presses central Asians over aid and human rights

By George Graham  
in Washington

THE US is stepping up its pressure on the central Asian republics for improvements in human rights, with a warning that aid will be tied to their records in this area.

Mr Strobe Talbott, US ambassador-at-large with responsibility for the new states of the former Soviet Union, cut short a visit to Turkmenistan this week in protest at the imprisonment of

Keating sought to portray an Australian change to a republic as a normal step for a nation forging a new identity in the Asia-Pacific region.

Mr Keating discussed the issue over lunch with Mr John Major, UK prime minister, who said afterwards that he would not be involved in advising Queen Elizabeth II on the ending of her role as Australia's head of state. It was a matter

for the Queen and Australia's ministers and people, Mr Major said.

The two premiers emphasised the warmth of relations between the two countries.

Britain's tabloid press has interpreted the republican moves as an attack on the Queen and has sprung to her defence, portraying Mr Keating as a rude publicity-seeker. But

he is expected to receive a

warm welcome when he visits Balmoral in Scotland today for private discussions with her.

Mr Keating said a constitution democratically chosen

would always have the respect

of a democratic people - "so I

do not think it is a matter of

trying to put a dipstick into

British opinions, but rather

looking at Britain's long-run-

ning respect for democratic

process and practices".

Each man won 56 per cent

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Besides Mr Durenberger, two

other Republican senators

## Two senators in trouble not to run for re-election

By George Graham

US PARTY managers are relieved at the decisions of Senator Dave Durenberger, a Minnesota Republican, and Senator Dennis DeConcini, an Arizona Democrat, not to seek re-election next year.

Each man won 56 per cent support in his last election in 1988, but both have been tainted by financial scandal.

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Besides Mr Durenberger, two

other Republican senators

have announced their intention to retire: Mr Jack Danforth of Missouri, whose

## NEWS: UK

**Big retailers seek to overcome concerns over workers' rights**

## Shops give Sunday pledge

By Neil Buckley

**THE FIRST** salvo in the autumn campaign to secure a change in the Sunday trading laws was fired yesterday. Retailers in favour of Sunday opening pledged to defend shop workers' rights and said they would support statutory controls.

The move is an attempt to overcome a controversial aspect of the government's options bill on Sunday shopping, published in July. This is the lack of protection for future shop workers against being forced to work Sundays.

MPs are due to debate the four options for replacing the

widely flouted 1986 Shops Act in England and Wales in the coming session of parliament. An intense round of lobbying from groups supporting the different options is expected.

The options include unrestricted opening, partially restricted opening, and two alternatives for limited opening.

The options do not extend protection to future shop workers, only existing ones – an omission which some MPs and retailers have warned could derail the attempt to introduce new legislation.

Some of the UK's biggest retailers yesterday pledged to follow a formula ensuring that

no existing or future shop worker would have to work on Sundays against their wishes. Sunday workers would also be guaranteed premium rates of pay. The retailers included J. Sainsbury, Tesco, Argyll (owner of Safeway), Boots, Asda, and Kingfisher (owner of Woolworths, B&Q, Comet and Superdrug).

The retailers, members of the Shopping Hours Reform Council which is backing the option of partially restricted opening, hope to force other employers to follow suit or risk losing employees. But they would be happy to see the formula legally enforced.

The group said: "We wish to make it clear that as employers we have no objection to statutory enforcement. On the contrary, if MPs indicate that they will settle for no less, we would urge parliament to enshrine our formula in law."

The latest in the growing band of campaign groups, Consumers for Sunday Shopping, a consumer group supporting the SERC proposal, has designated tomorrow National Sunday Shopping Day.

Some 3,000 stores will collect shoppers' signatures in favour of Sunday shopping, and 5,000 balloons will be released at 15 locations throughout the country, symbolising the 16m people said to shop on Sundays.



Selling a Sunday formula: (from left) Victor Benjamin of Tesco, Keith Ackroyd of Roots Retail Division, David Sainsbury of J. Sainsbury, Baroness Jay of the Shopping Hours Reform Council, Patrick Gillam of Asda, Sir Alistair Grant of Argyll, and Sir Geoffrey Mulcahy of Kingfisher

## Vodafone drops prices for low users

**VODAFONE**, the UK's leading cellular mobile telephone operator, has cut its London and low-user tariffs to match those offered by Cellnet, Andrew Adonis writes...

The low-user tariff drops by 15 per cent and a reduced-rate tariff comes in for the London region, giving business users a 20 per cent price cut for local calls in return for higher prices for other calls.

The cuts are almost identical to those announced by Cellnet a fortnight ago, and reflect the growing competition in the industry.

### Chalker downbeat on overseas aid

**BARONESS CHALKER**, minister for overseas development, yesterday said that there was little prospect in the near future of the UK increasing overseas aid to meet the level required by the United Nations.

While the government had accepted 0.7 per cent of gross national product as a long-term target, it was not realistic to expect further progress "when the fiscal situation at home is as difficult as it now is".

### NatWest to rent fish market space

**NATIONAL** Westminster Bank is planning to rent the former Billingsgate fish market in the City as accommodation for its capital markets division in case of an emergency.

NatWest has agreed to let the building if it is forced to abandon its premises by an incident such as the IRA bomb last April, which seriously damaged its headquarters, the NatWest tower.

They see an opportunity at the party conference next month to drive home the message to MPs that local Tory associations want the party to unite behind Mr Major and to cease their attacks.

They point out that in spite of the speculation about a leadership challenge in the autumn, even Mr Major's most vociferous critics have made it clear that they are not prepared to force a contest as a "stalking horse" candidate.

But the attacks increase the pressure on Mr Major to use his conference speech to silence critics by setting out a clear vision of the direction in which he is taking the party.

### Fresh guidelines for magistrates

**MORE** offenders face immediate custodial sentences under guidelines sent out to 27,000 magistrates in England and Wales yesterday.

Magistrates are being told that imprisonment should be the normal penalty for offences such as assault on a police officer, house burglary and violent disorder. The system comes into force on Monday.

### Savings increase

**NATIONAL** Savings contributed £227m to government funding in August, up from £103m in July, after gross sales of £731m, repayments of £656m, and accrued interest of £146m.

### Insurer in court

A PETITION to wind up GIS, a small motor insurer, has been presented in the High Court on behalf of the trade and industry secretary.

### Olympic grants

**BRITAIN'S** top Olympic prospects were offered greater financial security yesterday with the launch of a £1.3m grant scheme to help with training and living expenses. The average grant is expected to be £15,000 a year.

## Scheme to finish Dockland properties

By Stewart Derby

**A NEW SCHEME** to rescue bankrupt properties in London's docklands has been announced following the news that the largest collapse, Canary Wharf, may come out of administrative receivership at the end of October.

Investment advisory group Matrix Securities is to try and capitalise on renewed interest by investors – due to a possible underground extension and a proposed £1.1bn bank rescue package – with the launch of a £95m trust.

The Matrix South Quay trust plans to finish developing three buildings opposite Canary Wharf by using enterprise zone tax concessions – available for buildings started before the area's enterprise zone status ended in 1992.

Investors will be able to subscribe for units in the trust by providing £325 for each £1,000 invested. The balance of £675 will be provided by Hill Samuel, the merchant banking arm of TSB in the form of a loan. Matrix says that a 40 per cent tax payer should receive a tax break of £395 for each £1,000 invested, which means a paper profit of £67. The minimum investment is £25,000.

## Tory rebels claim Major may step down

By Alison Smith

**TORY** discontent with the party's leadership continued to simmer yesterday as backbenchers speculated openly about whether – and when – Mr John Major might resign.

While those raising fresh questions about Mr Major's authority are long-time critics of the leader and regarded as mavericks by many of their colleagues, their comments have reinforced the impression that the prime minister's efforts to draw a line under the divisions and disarray of the past year have not yet been successful.

Mr John Carlisle also claimed that Mr Major might decide to stand down. "I think personally he would go voluntarily if he felt that he had not the command of the parliamentary party and the party in the constituencies, and indeed of the people," he said.

They see an opportunity at the party conference next month to drive home the message to MPs that local Tory associations want the party to unite behind Mr Major and to cease their attacks.

They point out that in spite of the speculation about a leadership challenge in the autumn, even Mr Major's most vociferous critics have made it clear that they are not prepared to force a contest as a "stalking horse" candidate.

But the attacks increase the pressure on Mr Major to use his conference speech to silence critics by setting out a clear vision of the direction in which he is taking the party.

## Ofwat set to fix water prices for next decade

By Bronwen Maddox, Environment Correspondent

**OFWAT**, the water industry regulator, will announce next July annual percentage increases covering water bills for the next ten years.

The price rises will come into effect from April 1, 1995 and will apply until the year 2005. Mr Ian Byatt, Ofwat's director-general, said yesterday that "price setting will not be a process of negotiation".

His statement followed comments from water company executives and investors who have said they expected the new price rules to emerge from "horse trading" between Ofwat and the water companies.

Ofwat and the companies will spend the next six months trying to resolve disagreements before the companies submit their business plans to Ofwat.

The industry has clashed with its regulator in the past two years over the rate of return – a measure of profitability – which it should be allowed to earn on new investment. The issue, which remains unresolved, is central to the calculation of future prices because it determines how much of the cost of the industry's current 245bn investment programme is passed on to customers.

Saying that he did not think Mr Major would want to be driven out of the premiership, Sir Richard told BBC radio: "The minimum investment is £25,000.

every business plan and set draft price rises for each company on a confidential basis. Companies will then be given the chance to respond in writing before a single meeting with Mr Byatt, which would be the final opportunity for companies to bring to [his] attention any points which they wish him to consider".

The process is the first wide-ranging review of water prices since the 1989 privatisation.

Ms Janet Langdon, director of the Water Services Association, said: "All the companies will be glad to have clarification of the procedures and it is good that there is going to be some consultation through the final meeting".



Finishing touches for Tower Bridge: the bridge has been closed for repairs and reopens on Sunday

## BNP likely to focus on further breakthroughs in London

By Financial Times Reporters

**AN IMMEDIATE** question posed by last night's BNP victory in Tower Hamlets was whether the party would now breakthrough to success in other local authority elections.

In a statement issued after his win, BNP's Mr Derek Beckton spoke pointedly of "the Isle of Dogs and nearby Greenwich" once being the heart of Britain's greatness and Hackney, Newham and Brent as well as trying to make further gains in Tower Hamlets.

However, under a scheme introduced this year, engineers will be allowed to apply to transfer to clerical posts. If enough of them do so, some clerical workers will be eligible for the redundancy package.

Last year's redundancy package, Release 92, provided for payments as high as £100,000 plus pension entitlement, although the average sum was much lower.

About 20,000 employees were refused the package last year because of oversubscription. BT said it was too early to say whether this year's package would be fully subscribed.

• BT will test a service later this month allowing customers to return their last phone call even if they do not know the calling number.

The trial, to last six months, will be conducted in the Perth area.

The BNP puts substantial effort into organising in parts of Greenwich – the presence of its bookshop in Bexley, just outside the borough, is a frequent source of tension with anti-racist campaigners. It is likely that the party will concentrate heavily on next year's London elections, fielding candidates in Greenwich and London boroughs like Hackney, Newham and Brent as well as trying to make further gains in Tower Hamlets.

In a statement issued after his win, BNP's Mr Derek Beckton spoke pointedly of "the Isle of Dogs and nearby Greenwich" once being the heart of Britain's greatness and Hackney, Newham and Brent as well as trying to make further gains in Tower Hamlets.

The initial reaction to the BNP's election victory has been a focus on the unusual politics of the London borough of Tower Hamlets, where the Liberal Democrats control the council but Labour runs the Isle of Dogs.

Relations between the two parties are often sour, and Mr Paddy Ashdown, Liberal Democrat leader, yesterday

Representatives of the mainstream parties were yesterday of the view that the BNP will find it impossible to maintain momentum in the May elections, and will lose its Isle of Dogs seat.

Mr Nigel Todd, a Newcastle Labour councillor and a founder member of the Tyne and Wear Anti-Fascist Association, said he thought there was very little chance of the BNP doing as well in the north-east.

Mr Malik Chaudhry, housing offi-

cer of the Tyne and Wear Racial Equality Council, said there were signs Sunderland was being targeted by far-right groups, including the BNP. Such groups had links with one another, he said.

"Sunderland has seen increased activity in a rather organised way," he said. "It looks like there have been incidents where they have been leafletting, putting up stickers and insignias."

Mr Chaudhry said there had also

been incidents in Sunderland of racial attacks on housing estates. People had had to be rehoused, he said.

Mr Sukhdev Grewal, acting regional officer for the Commission for Racial Equality in the north of England and Scotland, said the BNP and National Front tried, without success, to win council seats in Durhams a few years ago.

In Cardiff, the British National Party stood in the May local elec-

tions in the Grangetown ward of west Cardiff, but its candidate came bottom of the poll – with just 47 votes.

The Ely area was the scene last year of a riot sparked by an attack on an Asian shopkeeper and some members of the Asian community are said to continue to feel threatened. But political observers in Cardiff say that attempts to exploit hostile feeling by the BNP or other extremists groups appear to have come from outside the area.

and gave it – and funding – to the unelected development corporation.

People suffering from loss of jobs and the collapse of their community feel deeply that they had no proper input to decision-making.

Mr Johns says: "To a large extent being a councillor is like being a cypher these days. All the important decisions are taken elsewhere."

"I think the election of the BNP is the worst day in the history of the Isle of Dogs. But the ability of councillors to respond to people's problems is now so constrained, it is not surprising if some voters start listening to the promises of extremists."

## Outpourings of an embittered community in Docklands

Alan Pike on what people on the Isle of Dogs see as threats to their livelihood

day set up an inquiry after Labour said that Liberal Democ-

rat election material had been

racist.

But the fears and frustrations of a community that has faced unprecedented change in recent years have also played an important role.

East London has long been home for new groups of immigrants arriving in Britain, but the ethnic minorities are not evenly spread. The Isle of Dogs remains a predominantly white area of Tower Hamlets – 80 per cent of the population of Millwall ward, where the by-election took place, are white

with traditional working class roots. Until the 1970s, the London docks continued to provide well-paid mass employment; many families both lived and worked in the area with dock jobs passing from father to son.

In recent years, an increasing number of ethnic minority families have arrived on the Isle of Dogs. Concerns over housing undoubtedly played a big part in the by-election; some white residents complain Asian families receive preferential treatment in the allocation of accommodation.

Local authorities must give

Development Corporation, with a mandate to turn the island and surrounding area into the largest development site in Europe. Local people were hostile, believing that there would be high-quality jobs for skilled outsiders and a minimal number of low-grade ones for locals. Canary Wharf came to symbolise feelings of anger and insecurity over the way Docklands was being redeveloped, and the staffing of the entire project has left a deep mood of cynicism.

Mr Ted Johns, a veteran Labour councillor and community leader, has lived on the Isle of Dogs all his life. He thinks the LDCC is crucial to understanding how the island's politics have developed.

"We are fond of the image of the east end as a melting pot," he says, "but minority groups have always had to struggle for acceptance against racists. But I think there is a wider explanation for the result than that."

Mr Johns' wider explanation draws together many strands of the old London docks' recent history. When the government produced its vision for the new docklands, it took responsibility away from local authorities

**EXCITING FAST FUN QUIZ**  
"The Brink Game" on 10 November 1993  
at Middle Temple Hall, terms of entry,  
Champagne Reception and Dinner  
Further information contact:  
Lesley Edwards/Vanessa Wright at  
the NSPCC, Tel: 071-336 7738  
or Fax: 071-336 7748

## Vodafone drops prices for low users

By Deborah Hargreaves

**FARMERS IN THE UK** produced more wheat per hectare this year than ever before, in spite of a decline of 3 per cent in the overall harvest of grains, according to estimates by Dalgety Agriculture.

The amount of wheat harvested rose by 700,000 tonnes to 14m tonnes, which will give the UK's arable farmers an income of roughly £1.4bn at current prices.

However, prices are likely to have fallen in order to shift the surplus production of 4.4m tonnes onto already over-supplied world markets. They could fall by about £5 a tonne from about £100 a tonne.

Dalgety, which surveys 900 farms to produce its crop predictions, said the wheat crop increased because of good weather in the growing season and improvements in seed quality.

Mr Andrew Barnard, manager of arable crop marketing,

pointed out that wheat tonnages rose in spite of a 12 per cent reduction in the area planted because of reform of the EC's Common Agricultural Policy which encourages farmers to leave some land to lie fallow - the so-called "set-aside" programme.

He said it pointed to the fact that the programme was not working as farmers left their worst land fallow and improved yields on the rest.

The National Farmers' Union said: "Set-aside causes mixed feelings

among farmers: it is a policy devised by politicians. But it is difficult to take one harvest in isolation as an indication of trends."

Overall production of grains fell slightly to 20.9m tonnes because of the wheat crop was affected by heavy rain in some areas at the beginning of the harvest season.

Dalgety estimates that oilseed rape will prove profitable for the majority of UK farmers although plantings were depressed because of adverse weather during the sowing season.

About 1m tonnes are expected down from 1.2m tonnes last year.

Wheat yields were a bumper 7.8 tonnes per hectare but the quality of the wheat crop was affected by heavy rain in some areas at the beginning of the harvest season.

The lower protein content of part of the wheat crop could see millers importing an extra 1.5m tonnes to blend with domestic grain, Dalgety estimates.

Demand from animal feeds produc-

ers for this year's wheat is set to rise 10 per cent because of lower prices.

Barley quality was high which will help farmers sell it at home and abroad although demand from maltsters and distillers at an estimated 1.5m tonnes, has not recovered from highs of 4 years ago.

Farmers are estimated to have produced 271,000 tonnes of linseed, the distinctive blue plant, which has enjoyed a huge rise in plantings in the UK in recent years.

## Lib Dems cheered by boundary proposals

By Ivor Owen, Parliamentary Correspondent

**PROPOSED** constituency boundary changes could damage the prospects of the Conservative party in next year's European elections and further undermine the efforts of Mr John Major, the prime minister, to strengthen his hold on 10 Downing Street.

Labour and the Liberal Democrats seem likely to be the principal beneficiaries of an initial re-drawing of the English section of the European political map to accommodate five additional members of the European parliament.

In accordance with the agreement reached at last year's EC summit in Edinburgh, the number of English MEPs elected next June will be increased to 71.

The proposals, which are still subject to change, involve boundary changes affecting all but 12 of the existing 68 constituencies.

Under the proposals, the Liberal Democrats would have high hopes of winning in a newly created Somerset constituency, which would be their first success since the introduction of direct elections for the European Parliament.

The party would also hope for a victory in the Plymouth and Cornwall seat where they came second in 1989.

Details of the proposed changes will be officially announced on Wednesday.

Political parties and other interests have until October 22 to submit counter-proposals. The committee will make its final recommendations to Mr Michael Howard, the home secretary, before Christmas.

Controversy has already flared over proposals to increase the number of Welsh Euro constituencies from four to five.

The suggestion that two new constituencies should be created through merging Gwynedd and Dyfed and Powys and Clwyd has been attacked by Mr Alex Carlile, Liberal Democrat MP for Montgomery.

## Investment agencies face fight for funds

By Chris Tighe

**INWARD** investment agencies in the UK face sharply increased worldwide competition in the 1990s to secure a much reduced number of new greenfield projects, Sir Ron Dearing, chairman of the Northern Development Company, warned yesterday.

Globalisation of production also poses a threat as international companies operating at world-class manufacturing standards concentrate production on only a few plants worldwide, instead of investing in capacity in every market they serve.

Addressing the annual general meeting of the NDC, the economic regeneration body for north east England and Cumbria, Sir Ron said much of the inward investment in the 1990s was driven by international companies' need to be inside the European Community as the Single Market approached.

Since early 1985, the NDC's area had in total welcomed more than 320 investments from overseas, worth £2bn, with which 37,000 jobs were directly associated. This was more than 10 per cent of all 1980s UK inward investment.

But now, competition for the fewer investments available was coming not only from EC countries but East and Central Europe - equally companies

ICI on Teesside is to stop giving free Christmas hampers to its pensioners in order to save money as it continues its restructuring.

Since hamper distribution began 25 years ago, the total of people qualifying has grown more than fifteenfold to well over 15,000, and now threatens to double the number of remaining ICI employees in the area.

The cost of issuing the hampers, sent to retired ICI Teesside employees and their widows around the UK, now exceeds £200,000 a year - a sum described by ICI as prohibitive.

In a letter to the pensioners, ICI on Teesside's personnel manager Mr David Allan has broken the news that this year's Christmas hamper will be the last.

Serving world markets were looking at sites across the Pacific Rim, South East Asia and Central America.

Against this "bleak analysis", said Sir Ron, it would be wrong to draw too much comfort in regional terms from the emergence of the domestic economy from recession, excellent news though that was. Nor could the north, despite having Britain's highest regional unemployment, expect great help from outside as the entire nation had problems.

The document, to be discussed by grassroots party members at the annual conference in Torquay, marks a change of economic strategy after last year's policy paper was criticised for being too right-wing.

The latest policy document is much more cautious about relying on market forces to regenerate the economy.

The new emphasis on full employment is a reaction to anger on the subject at last year's conference and Mr Ashdown's own long-term concern

## Ashdown focuses on economic policy

By Alison Smith

**THE LIBERAL** Democrats will next week be asked to approve a paper advocating financial incentives to encourage job-sharing, flexi-time, part-time jobs and working from home, as the party's economic policy puts a new emphasis on restructuring.

The policy paper, *Facing up to the Future*, represents a further stage in the party leadership's efforts to establish a distinctive political identity for the Liberal Democrats.

Mr Paddy Ashdown, Liberal Democrat leader, accepts that a stronger sense of the Liberal Democrat stance across a range of policies could mean losing support from some former Conservative voters, but appears to regard that as a price worth paying for a sharper image.

"There is no long-term role for a third party - except hitting occasional peaks here and there - if it is all things to all people," he said. "I want people to take sides about the Lib Dems. I want them to love us and hate us."

The document, to be discussed by grassroots party members at the annual conference in Torquay, marks a change of economic strategy after last year's policy paper was criticised for being too right-wing.

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The new emphasis on full employment is a reaction to anger on the subject at last year's conference and Mr Ashdown's own long-term concern



Paddy Ashdown wants people to take sides on his party: "There is no long-term role for a third party if it is all things to all people"

about structural unemployment. He says that resolving the issue will involve redistributing existing jobs as well as creating new ones.

Mr Ashdown believes that if society is based on the idea that the citizen must have a job to maintain his or her dignity, then politicians must consider what the consequences could be if unemployment becomes a permanent feature

of the economy. "If that's so, then you'd better redefine employment, otherwise you blow your society apart," he said.

Mr Ashdown identifies housing and the welfare system as the two prime rigidities in the UK labour market.

If flexible working practices are to be adopted without damaging the competitiveness of British industry, then the

benefits system will need to be substantially altered to stop it acting as a barrier to jobs.

While this approach to full employment is only one aspect of the framework paper to be discussed next week, the fact that there will also be separate debates on workers' rights and structural unemployment underlines the importance of the issue in defining the party's position.

Mr Ashdown believes that the party must use the conference to address its perennial difficulty - that no one knows what it stands for. "I'd like people to say ... the Lib Dems have identified that as the area in which they must work and they're beginning to map out a very clear message. That's our task for the year ahead."

## Lang firm on local authority reforms

By James Buxton, Scottish Correspondent

**MR IAN LANG**, the Scottish secretary, yesterday dismissed as "an amusing diversion" the campaign of non-co-operation being waged by some local authorities against his proposals for reforming local government in Scotland.

He said that the reform - which involves creating 28 single-tier authorities in 1996 to replace the present nine regional, three island and 53 district councils - would go ahead regardless of whether local authorities co-operated. It would strengthen local government in Scotland, he said.

The Labour-dominated Convention of Scottish Local Authorities decided in late July to ban councillors and officials from speaking to the Scottish Office about implementing the reforms, which will be contained in a bill in the next session of parliament.

But the non-co-operation campaign is faltering, with many councils refusing to support it. Yesterday the campaign came under attack from several speakers at a Glasgow conference on the reforms.

A councillor from Sutherland District Council, which is to disappear under the new structure, said that it was folly to try to influence the government without talking to it.

Professor Arthur Midwinter, from Strathclyde University, called the non-co-operation campaign irrelevant and a diversion from the main issues.

But Mr Charles Gray, a councillor and president of the convention, said that the non-co-operation policy would remain in force.

The government has told councils that they could face financial difficulties if they refuse to co-operate. The Scottish Office has asked councils to bid for any special funding they may require to prepare for reorganisation next year, and said that if they do not reply they might not receive the aid.

Labour opposes the reform because the government has not employed an independent commission to draw the new boundaries, leading to charges that it has "gerrymandered" the new council map.

## Birt pledges extra £75m savings in next two years

By Raymond Snoddy

**MR JOHN BIRT**, BBC director-general, yesterday said that in the next two years the corporation would save at least another £75m which would be put into programming.

The savings - £25m next year and £50m the year after - will follow the £100m savings expected in the current financial year. They will be affected largely by reducing BBC bureaucracy and introducing Producer Choice, the controversial system which allows producers to buy services from the outside market.

"It is ludicrous to present it [Producer Choice] as a shambles," Mr Birt told the Royal Television Society's Cambridge convention yesterday. He was speaking the day after Mr Peter Brooke, national heritage secretary, praised the BBC governors and management for

improvements in the corporation and the courage shown in tackling difficult issues.

Mr Brooke warned, however, and does not continue to make changes, the future of the licence fee in the short term and of the BBC itself in the longer term might need to be considered from a very different perspective.

The statement was seen as tacit government support for the reforms introduced by Mr Birt.

A government white paper on the renewal of the BBC's Royal Charter is due in the next six months. The principle of the BBC licence fee is not expected to be in doubt but proposals for change could include the privatisation of the BBC transmitter network.

Mr Alan Venob, BBC 1 controller, yesterday accepted suggestions that ideally he needed

and additional £50m to £100m for programme scheduling. BBC 1 is to receive an extra £25m from the planned £100m savings for programming.

Mr Venob accepted that this summer's level of repeats had probably been too high. Repeats on BBC television are running at about 20 per cent during prime time.

The BBC is to cut up to 131 jobs through a merger in research and development, it said yesterday. The savings of more than £5m will go into programme-making.

The corporation said that some redundancies would be achieved by not renewing contracts, but there may be compulsory job losses.

The plan to merge Engineering Research and Development, currently run as two separate departments with 281 staff, will take effect from April 1 next year.

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Saturday September 18 1993

## Mr Major's future

**CONSERVATIVES** who dream of replacing Mr John Major with a charismatic leader, or one more to this or that political taste, would do well to pause before unsheathing their daggers. Less than three years after the Tories dismissed the then Mrs Thatcher, and willingly chose Mr Major to replace her, it is less than 18 months since he led them to an unexpected general election victory.

Following a campaign in which the central figure was Mr Major himself, the Conservatives attracted 14.1m votes. No other UK party, and no other prime minister, has ever won so many. British democracy would be damaged if he were now to be replaced merely to suit the political convenience of his party.

This does not mean that Mr Major can regard his hold on office as secure. Unlike the president of the US he was not elected for a fixed term, removable only by impeachment or the threat of it. A UK prime minister keeps his job for just so long as he can command a working majority in the House of Commons. When he loses the confidence of his own colleagues he, or she, must go. It is that confidence that Mr Major is finding it so difficult to maintain.

The fault is partly his own. The election was fought on the proposition that the recession would end as soon as the government was returned. Voters who found that it did not were understandably annoyed. Speeches made by the prime minister before sterling was ejected from the exchange rate mechanism a year ago sounded hollow in the aftermath of Black Wednesday. The authority lost by Mr Major on that fateful day has not been regained. The government's handling of much of its business, notably the plan to close coal mines, has been inept. The prime minister's hesitant and incomplete changes in his cabinet have added to an impression that he is a weak leader.

### Disgruntled

It is not obvious, however, that any conceivable successor would find the job more manageable. The government was returned with a majority of only 21 in April 1992; that figure has since fallen to 17 as a result of by-election losses in Newbury and Christchurch. This gives disproportionate power, and

## Shocked by sound money

AFTER A period of exceptional buoyancy in world stock markets, investors ought to be feeling exceptionally cheerful. Yet, paradoxically, many who belong to the world's rentier class - retired people in the main - are feeling poorer. Indeed part of the surge in the markets in recent months has reflected panic buying of any form of investment that appeared to offer a less paltry return than a deposit account at the bank. In effect, the urge to compensate for a decline in nominal incomes is driving more and more old people into high-risk assets in remote markets. This is unfamiliar and dangerous territory for a generation that came to regard high inflation as the norm; and the nature of a rising market that makes some people feel poorer bears thinking about.

What investors are now discovering is that unexpected disillusionment can be quite as arbitrary in its impact on incomes and wealth as unexpected inflation. At first sight, there are some obviously symmetrical features in the transition from the one process to the other. Borrowers who gained at the expense of savers when inflation eroded their liabilities now find themselves paying exorbitant real rates of interest. Yet it is on the asset side of the personal sector's balance sheet that shocks are taking place and where the money illusion created by inflation is turning into money disillusion.

### Perverse result

A collapse in nominal interest rates on bank deposits would not matter much if there were still a significant real return after allowing for lower inflation. But in some countries, most notably the US, the real return is now next to zero. In Britain it can still be possible to obtain a modest positive real return on deposits. But savers' perceptions tend to be geared to nominal rates, which have fallen sharply. They are thus desperate for high-yielding assets, including fixed-rate bonds for which they have hitherto had a marked aversion. The perverse result is that the chief victims of inflation, older people, now feel that they are suffering as much from the curse as the disease. Even more paradoxically, governments may actually be subsidising savers

publicity, to disgruntled backbenchers seeking the lime-light. Some dismissed ministers have permitted themselves to become resentful and destructive ordinary members, as shown by the former chancellor, Mr Norman Lamont.

The deep divisions among Conservatives over European policy persist, in spite of the passage of the bill to ratify the Maastricht treaty. There is a genuine debate over the desirability of further increasing taxation in the November Budget. The party may unite around the new chancellor's proposal to squeeze public sector pay, but if the consequence is that services are curtailed the process is unlikely to win popular support for the Tories, the prime minister, or even the usually affable Mr Kenneth Clarke. Should the new Chancellor replace Mr Major he would find that his undoubtedly superior political skills would not in themselves suffice to turn the Conservatives' fortunes around.

### Fractions

The truth is that the Tories' fall in the opinion polls cannot be blamed on Mr Major alone. The real problem is the present condition of the Conservative party. In office since 1979, it has become fractious, divided, uncertain of its own destination or that of the country. The frequent complaint that the prime minister lacks vision might be directed at the party itself. Potential successors vary in the images they project of the kind of British society they would aspire to construct. There is no single Conservative mission.

One of the by-products of the political cycle is that losing parties can refresh their thinking while out of office. The Conservatives achieved this most famously after 1945, and again in the years leading up to their victory in 1979. A spell of opposition has its benefits. The Tories enjoy no such luxury today. They are still in the early years of a new parliament. They must find a means of re-energising themselves while still in power. If Mr Major can show at the forthcoming party conference, or in the months thereafter, that such an exercise can take place under his leadership, he will have justified the confidence placed in him by the country at election time.

## Shocked by sound money

at the taxpayer's expense by issuing long bonds at too high a coupon, having earlier used inflation as a form of hidden taxation.

Nobody can be sure what impact this is having on aggregate savings behaviour. But it is conceivable that some people are saving more as inflation comes down, just as they once saved more in response to an acceleration in inflation. This would put an additional damper on an already sluggish, debt-constrained recovery. Wall Street economist Henry Kaufman has also argued that the emergence of the household sector as a bigger financial risk-taker, swapping fixed-rate deposits for securities whose capital value goes up and down, could increase financial volatility and cause consumption to become more cyclical.

### Less consumption

Inflation did, of course, cause the capital value of fixed-rate deposits to change in real terms, so the increase in risk can be overstated. In the UK, the post-war shift from a market dominated by potential individuals to one overwhelmingly captured by professional investors appeared, if anything, to result in more rather than less volatility - a point that might run counter to Kaufman's thesis. But perceptions are what counts; and it is not implausible that a fall in market prices today might lead to a greater negative wealth effect, and thus less consumption, than the earlier inflationary erosion of capital in the 1970s.

One benign consequence of all this is that the banking system will be less vulnerable to shocks. Money and mutual funds are not banking intermediaries; if they invest in risky certificates of deposit in Thailand or junk bonds in Argentina, the loss falls directly on investors. But if funds are prone to move suddenly from the capital markets into the banking system and back, it will wreak havoc with the monetary aggregates. And regulators will confront more Barlow Clowes-type scandals, which will be hard to prevent in a global retail investment market. Investors should remember, in their increasingly desperate search for income, that fat returns invariably imply ferociously big risks.

**W**ill the public sector lead a revolt against the UK government's economic strategy?

Four days after the announcement from Mr Kenneth Clarke, chancellor, that public sector pay bills would be frozen next year, and four days before unions meet at TUC headquarters to plan their resistance, the answer is probably not.

Nearly a quarter of British workers are employed in the public sector, but attitudes towards it remain ambivalent - a mixture of admiration for the health and emergency services and disdain for much of central and local government.

The planned pay bill freeze did not provoke an immediate wave of revulsion similar to last year's pit closure plan. But neither did tabloid newspapers strongly support the government's plan to pay wage increases only for those workers who improve productivity. The editorial in *The Sun* newspaper asked: "How can a nurse be more productive... Carry two bedpan at once?"

The public sector unions, representing more than 70 per cent of the 5.5m public sector workers, are also in uncertain mood. Privately, some union officials doubt a TUC co-ordinated campaign would have much effect, and fear that "demagogic public sector union leaders outdoing each other in bellicosity will let the government off the hook", as one senior official put it.

Sceptical, too, about industrial action is the Labour head of personnel in one inner-London borough: "Legal restrictions make it difficult for the activists to set things alight these days. And are people really going to stand on £22,000 a year who, like virtually all our employees, still have excellent job security?"

Nonetheless, there are low-paid parts of the public sector which attract public support. The Fire Brigades Union will be doing its best to embarrass the government, despite the fact that its own privileged pay formula looks certain to be reinstated next year after this year's pay cuts. Many activists in the all-embracing new public services union, Unison, will also want to show off the union's muscle.

But by allowing for pay rises based on improvements in efficiency, the government is defusing much potential discontent. Many public sector workers, probably even most, will get rises of some kind, in the order of 1-3 per cent.

From the government's point of view the pay bill freeze has the double advantage of capping the single

The public sector is unlikely to rebel over a freeze on wages, says David Goodhart  

## Keeping the lid on pay rises

and the low-paid.

Looking at annual pay increases since 1979, the private sector has risen slightly faster than the public sector and is expected to open up a 6.7 percentage point gap as a result of public sector pay restrictions this year and next.

That may have a negative effect on morale, and therefore on services, as several of the five independent public sector pay review bodies have argued in the past. But at a time of high unemployment it will not necessarily cause people to leave their jobs for the private sector, especially as many public sector jobs do not have a parallel in the private sector.

The case for pay parity in the public sector is often countered by the argument that they enjoy greater job security. That has been true through this recession, but could be ending as public sector managers offer big pay rises in exchange for changes in working practices and job cuts. The outcome could resemble the big increases in pay and job cuts experienced by the utilities after privatisation.

**S**tripping out the effect of privatisation the public sector still employs nearly as many people as it did 15 years ago. But in the next two or three years, hundreds of thousands of jobs could go. Mr Eric Caine, former head of personnel at the NHS, believes nearly one-fifth of 560,000 jobs in the health service could be cut.

One civil service manager pointed out that a recruitment freeze throughout the public sector for one year would mean "losing" nearly 500,000 new jobs but would allow remaining staff a pay rise of well over 5 per cent.

The fear of public sector managers is not so much that the unions will opt for jobs rather than pay rises but that the government will want to keep the proceeds of any savings. "The Treasury will want to have its cake and eat it, too," said one manager.

For the time being, the government appears to have judged the mood of the country correctly, and is unlikely to face more than scattered local strikes. But, as one government economist put it: "The £2.5bn we save now on public sector pay we could easily lose over the next two or three years from the increase in unemployment created by speeding up the public sector shake-out." In which case, what looks like a good idea next year might not look so good for Mr Clarke and the government as the next election approaches.



of private sector pay this year.

Over the past 15 years, pay rises in the two sectors have oscillated around each other. The private sector usually pulls ahead in economic upswings with the public sector clawing back in downturns or just before elections.

Average pay in the public sector

(£308 a week) in 1992 was slightly higher than in the private sector (£305 a week) but that is usually the case because the public sector has, proportionately, more white-collar and professional staff. Comparing similar jobs, such as middle managers, the private sector usually pays slightly better, except for women

## Dream scenario fades

Peter Norman on mildly disappointing economic data

back to earth.

Sceptical Treasury officials had worried quietly that the "dream scenario" of the recent past did not add up. With continental Europe in what may be its worst recession since the second world war, and an overhang in Britain of personal debt and negative equity in the housing market, it always looked more likely that recovery would be hesitant and patchy.

That now seems to be the case. This week's news that retail prices rose by 1.7 per cent in the year to August (compared with 1.2 per cent in June, when the annual "headline" inflation rate appears to have bottomed out) will make it more

difficult for the government to achieve its goal of a freeze on public sector pay bills. But the fact that inflation is creeping upwards, together with evidence of a less buoyant recovery, makes economic-wide pay restraint more essential for future economic welfare.

Downward revisions to the industrial production figures over the first half of this year have led to a reappraisal of productivity and unit labour costs.

In mid-August, Department of Employment figures had suggested that Britain might be enjoying a productivity miracle. The government reported that output per head in manufacturing increased by 10.5

per cent in May compared with the year before.

With 9.5 per cent year-on-year growth, May's revised productivity figure still looks good. But annual growth of manufacturing output per head in June and July has been less spectacular: at 5.1 and 5.5 per cent respectively.

The latest unit labour cost development puts the competitiveness of British business in a less flattering light. Official government figures in August showed that wages and salaries per unit of output fell by 5.3 per cent in the year to May. That decline was revised to 4.4 per cent this week, when the Department of Employment also reported

sharply lower falls in unit labour costs in manufacturing industry, of 0.4 per cent and 0.6 per cent in the 12 months to June and July respectively.

These figures cover only manufacturing, which is less than a quarter of the economy, and they are liable to revision. Provisional productivity and unit wage cost figures for the whole economy in the first half of this year are due to be released next week.

But the statistics strongly suggest that the annual growth of average earnings at its present historically low rate of 3.5 per cent offers no grounds for complacency. In particular, from the government's viewpoint, the present 5 per cent annual increase in underlying earnings in manufacturing is too high for comfort: it does little for the competitiveness of British industry and undermines the case for public sector pay restraint.

## WOMAN IN THE NEWS: Anne Enger Lahnstein

## Heroine to her country's bumpkins



resentation in the 165-seat Storting to 32 and overtaking a demoralised pro-EC Conservative party as the biggest opposition party.

Prime Minister Gro Harlem Brundtland's ruling Labour party managed to survive the storm. But it remains a minority government and now faces guerrilla political warfare with the buoyant Ms Lahnstein and her party as Labour attempts to reverse anti-EC sentiment and win an eventual referendum on membership.

Ms Lahnstein, a nurse by training, is credited by Mr Johan J Jakobsen, her immediate predecessor as leader, for having lifted the Centre party to such heights since she took over two years ago as the head of what was then only the sixth-largest group in the Storting.

exploited the perception that EC membership would undermine Norway's independence by threatening the "Norwegian way" of elaborate rural subsidies which support the population in the country's far-flung and frigid regions. "I think we are talking about a very important question for people: how to take care of this country," says Ms Lahnstein. "It is a rough and tough life in many districts with long distances and a harsh climate. This toughness is part of the Norwegian people's self-image."

Many Norwegians who no longer live in rural communities never less continue to respond warmly to this thinking - which conveniently allows the Centre party to continue to defend its traditional core agricultural constituency and steal sup-

port from Labour among fishermen. Ms Lahnstein admits that food production in Norway is "not cheap". IMF figures show subsidies make up 77 per cent of the value of agricultural output in Norway, compared with an EC average of 48 per cent. But she estimates 70,000 Norwegian farmers would go out of production if the country joined the Community.

Instead, the Centre party is prepared to go on paying a high price to sustain Norway's uncompetitive farming - a price that to date has been financed from North Sea oil revenues. Ms Lahnstein is unpersuaded by arguments that access to EC markets would benefit Norway's underdeveloped food processing sector, adding to exports. "Exports are not so important for us," she says. "Most important is to feed our own population and not have to import more food. The 50 per cent we import now is enough." Party policy, indeed, calls for Norway to scrap its participation in the European Economic Area trade pact with the EC due to take effect soon.

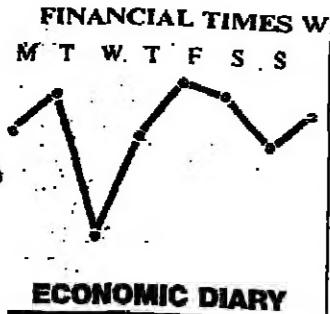
Reversing Norway's commitment to the EEA is not realistic, however, as it is already ratified by parliament. Rather, Ms Lahnstein's challenge now is to maintain the momentum of the election in her crusade against full Community membership. She has plenty of ringing phrases left over from the campaign to carry her forward. "So many people dream of the new Europe. But ask the people what will be the result of this. It will be too much power in too few hands and too much power for money. I think it is good for the common people to work where they live and to stay with their families," she declares.

Then she prepares to head to her hytte, or country cottage, near her own family's home east of Oslo for the weekend. "I'm going back to my roots," she says.

Hugh Carnegy and Karen Fossli





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## ECONOMIC DIARY

**TODAY:** Second stage of Morocco's parliamentary elections; Portuguese and Indonesian foreign ministers at UN discuss East Timor; Polish parliamentary elections.

**MONDAY:** Philippine President Fidel Ramos visits Indonesia; meeting of EC foreign and farm ministers to discuss Uruguay Round of GATT world trade talks; Lord Justice Scott's arms to Iraq Inquiry takes evidence from former Foreign Office minister Tim Renton; police superintendents' association in Torquay; German M3 and PPI; French industrial production and current account; UK money supply data; British banking groups' monthly statement; building societies' monthly figures (Aug).

**TUESDAY:** International Olympic Committee in Monte Carlo chooses venue for Games 2000; Romanian President Iliescu visits Slovakia; UK balance of payments (2nd qt); UK national accounts (2nd qt); cross-border acquisitions and mergers (2nd qt); US housing starts.

**WEDNESDAY:** John Patten addresses committee of vice chancellors and university principals on day before government policy statement on education; boundaries commission for England publishes provisional recommendations for European parliamentary constituencies; balanced trade with countries outside the EC (Aug); institutional investment (2nd qt); construction new orders (July); international banking statistics (2nd qt); final results Alumasc Group, Barratt Developments, Pizza Express.

**THURSDAY:** Bundesbank council meeting; US initial weekly jobless; US weekly money supply; vehicle production (Aug).

**FRIDAY:** Former Philippine first lady Imelda Marcos faces judgment in Manila in the first of 100 criminal cases filed by government prosecutors against her family; summit of Commonwealth of Independent States in Moscow regarding general agreement on economic union; CBI monthly trends survey (Sep); US durable goods orders.

# YOUR POSTCARD FROM HOME

Dear All,  
We've been here just over a month now. It's quite a challenge being an expatriate but we've made a wonderful discovery. It's a magazine called Resident Abroad and it's helped us with all kinds of problems. It has a property section which will help us here as well as sorting out the house back home. It's got educational updates (for the kids), health insurance coverage and all sorts of financial information from local currency evaluation to general export salary updates. And I'm hoping to take advantage of the wealth of investment pointers that it gives! I don't know where I'd be without it.

Paul

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## COMMODITIES

## WEEK IN THE MARKETS

## Copper plunges as squeeze ends

THE COPPER squeeze is over – that much is clear. What remains far from clear, however, is how and why it met its end. Having survived repeated warnings from the London Metal Exchange management and last week's LME action to limit the cash/one day premium to \$5 a tonne, the squeeze that had been distorting the market since the summer suddenly took a turn for the worse in after hours trading on Thursday. And by lunchtime yesterday it had breached its last.

Explanations for the sudden collapse of the squeeze are many and various. Chinese selling had been suggested, as has backroom pressure from the exchange authorities. Other traders believe that much of the "long" position was held against a planned physical deal that had now been completed. Another, and perhaps more likely, suggestion is that the "shorts" dismayed by the failure of the backwardation to narrow significantly following last week's LME action, had done a deal with the "longs" under which they cut their losses and the latter cut their profits.

The actual explanation may or may not become clear in the fullness of time, but traders are now more interested in watching the behaviour of the unsupported market. The three-month position, which closed yesterday at \$1,764.50 a tonne, has already fallen by more than \$180 from the peak reached two weeks ago and many analysts believe the sell-off is far from over.

Compared to copper the nickel market is a model of simplicity. LME stocks are at a record and growing, producers are still stubbornly refusing to make the production cuts necessary to get supply into balance with demand; and no-one has felt tempted to try to prop up prices. The result has been the long downturn that this week took the LME three-month price below the equivalent of \$2 a lb, the level some analysts have suggested will force some producers to bite the bullet at last.

At the London Commodity Exchange, cocoa moved out of the limelight this week as nearby futures positions stormed to levels last seen in the summer of 1990.

A move towards the psychological barrier at \$200 a tonne for December delivery faltered on Tuesday, but the bulls – encouraged by a deepening conviction that world stocks were set to fall heavily – were

not to be denied. After edging the price up again on Wednesday they went on the rampage the following day, pushing the December contract to \$208 a tonne and still stood at \$203.50 at the close of Thursday's afternoon ring-dealing session, collapsed to \$20 during after-hours trading and by yesterday's close had been replaced by a \$5 cash discount.

A cash discount (or "contango") is the normal market situation when adequate supplies are available to the market, representing the cost of holding physical metal. But although the total of copper stocks in exchange warehouses has been at a 15-year high for some time much of it has been securely held by a group of operators allegedly seeking to drive up near prices to their own profit. Speculators who had sold copper forward in the expectation that they would be able to make covering purchases at cheaper prices as bearish fundamentals depressed the market found themselves having to pay pre-

miums to roll their positions over, to avoid taking heavy losses.

It will not be all plain sailing, however. Mr Eagles noted that there were technical hurdles to be cleared at \$200 a tonne, the life-or-death contract for December delivery faltered on Tuesday, but the bulls – encouraged by a deepening conviction that world stocks were set to fall heavily – were

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## INTERNATIONAL COMPANIES AND FINANCE

## US West plans \$610m charge to cover job cuts

By Martin Dickson  
in New York

**US WEST**, the Denver-based regional telecommunications company, yesterday announced plans to cut 9,000 jobs - 15 per cent of its workforce. The move is part of a modernisation programme to cope with rapidly-growing competition in the previously monopolistic US local telephone industry.

It will take a special \$610m after-tax charge against third-quarter earnings.

US West, one of the seven regional "Baby Bell" phone companies, said it would also be the first local US telecommunications group to adopt a new accounting method allowing it to depreciate its plant and equipment more rapidly.

The accounting move, which is also a response to growing competition, will involve a third-quarter, one-time, non-cash charge of \$3.2bn after tax.

US local telecommunications companies face escalating competition from cable companies, long-distance carriers, and new metropolitan service carriers as the industry gradually converges with television to provide new multi-media interactive services.

Although all local companies have been trimming their workforces and modernising

plant to cope with these changes, US West's move is among the most dramatic.

The company, which serves 14 states in the Rocky Mountains and Pacific north-west, is consolidating operating centres in 560 communities into 26 new centres by 1995.

The 9,000 jobs, which include 1,000 already announced, will be phased out over the next three years, mostly through lay-offs.

US West said it was "reinventing" many of its internal operations to make itself more responsive to customer demands. For example, customers would be able to get a new phone service in record time.

The accounting change involves moving from Financial Accounting Standard 71, which governs regulated industries such as local telecommunications, and requires depreciation of plant and equipment to be set using lives approved by regulators, which tend to be very long.

US West will now adopt in its financial reporting shorter, more market-based depreciation lives, though this will not affect the books it keeps for regulatory purposes or phone charges. For example, copper wire will now be depreciated over 15 years rather than 27.

## Saint-Gobain eyes 2% BNP holding

By John Riddings in Paris

**SAINT-GOBAIN**, the French glass and building materials group, said yesterday it planned to take a stake of about 2 per cent in Banque Nationale de Paris when it is privatised.

Saint-Gobain said the move would reflect a long-standing relationship between the two companies. BNP holds just under 4 per cent of Saint-Gobain's shares.

Mr Marc de Nadaillac, managing director, also said he saw no signs of recovery in the group's principal markets in the current half. He was speaking the day after the group announced a two-thirds fall in net profits for the first half of the year, to FF 452m (\$80.7m) from FF 1.4bn.

In particular, the sale of glass to the automotive industry, Saint-Gobain's largest business activity, is expected to remain depressed as a result

of the continued sharp decline in the European car market.

Mr de Nadaillac said the company would expand outside Europe and develop specialty products to counteract the effects of the recession in its principal markets, Mexico, Korea and eastern Europe were being considered.

The company also plans to trim its debt and investments in the second half of the year. Gearing is forecast to fall to 45 per cent at the end of the year, compared with 46 per cent at the end of 1992. Industrial investments are targeted at FF 4.6bn this year compared with FF 5.08bn in 1992.

• The French finance ministry said the pre-subscription of BNP shares would start on Monday, and that the privatisation of the bank would take place by December 20 at the latest, market conditions permitting.

Analysts in Paris were surprised at the late deadline.

## BHP tops forecasts with 22% advance

By Nicki Tait in Sydney

A SHARP increase in earnings from its steel division helped Broken Hill Proprietary, the Australian minerals and steel group, report a 22.1 per cent increase in first-quarter profits after tax, to A\$31.16m (US\$20.65m).

The performance was much better than many analysts had predicted; forecasts had generally ranged between A\$250m and A\$300m. The share rose on the news, closing 52 cents higher at A\$15.56.

Earnings per share for the quarter, to the end of August, rose 17.3 per cent to 23.7 cents. Group sales were up 7.9 per cent at A\$4.15bn.

BHP attributed the figures to a much stronger performance by its steel division, aided - in turn - by the lower exchange rate with the US dollars. This segment turned in an operating profit of A\$135.8m, compared with just A\$53m last time.

BHP said steel operations had benefited from lower unit costs, attributed to a 14 per cent increase in total raw steel production, its highest quarterly level since 1981. Australian domestic steel "despatches" were 991,000 tonnes, a 14 per cent increase year-on-year, while export steel despatches from Australia were 629,000 tonnes, up 28 per cent.

On the minerals side, BHP saw a small 4 per cent decline in profits, to A\$152m, reflecting lower US dollar prices for copper, iron ore, manganese and Australian and Indonesian coal.

Profits from the petroleum unit fell 2.6 per cent, to A\$133.6m - again due to lower world oil prices. These were only partially offset by higher US gas prices and the weaker exchange rate.

Profit from the service companies advanced sharply, from A\$5.9m to A\$41.7m.

## Vice-chairman quits Upjohn

MR William Parfet, until earlier this year a likely candidate to head Upjohn, the US drugs company, resigned as a vice-chairman yesterday. He will, however, remain a non-executive director, writes Richard Waters in New York.

Mr Parfet, a great-grandson of the company's founder, became the second of the company's three vice-chairman to announce his resignation since Mr Ley Smith took over as acting chief executive in April.

For the full year, operating results were expected to slip 10 to 20 per cent from 1992 levels.

## Deutsche Bank clarifies role at Daimler

By David Walker in Frankfurt

**DEUTSCHE** Bank's announcement yesterday that it was planning to reduce its stake in Daimler-Benz, Germany's largest industrial company, follows months of speculation about the bank's intentions.

A member of the bank's board hinted earlier this year that a partial sale was being considered. However, until yesterday the bank's formal position was that it had "no present intention" to reduce the stake.

Deutsche, Germany's largest bank, said it was likely to sell a 3 per cent stake in Daimler through an offering to US shareholders. At current prices, that will raise just under DM1bn (US\$55m) for the bank, leaving it with a 25 per cent stake worth some DM3bn.

The move is linked to Daimler-Benz's plans to list its

shares on the New York Stock Exchange on October 5, making it the first German company to have a "Big Board" listing on the world's largest capital market. Deutsche said the sale of some of its shares would help Daimler achieve its objective of broadening its shareholder base in the US.

The offering is unlikely to take place until early next year. Deutsche said it would wait until shares in Mercedes Aktiengesellschaft Holding (MAH) had been converted into ordinary Daimler shares. MAH was a holding company set up at Deutsche's initiative in the 1970s to protect Daimler from takeover. It serves no purpose other than to hold 25 per cent of Daimler's stock.

Earlier this year Daimler said it would disband MAH, chiefly because, for technical reasons, it makes it expensive for Daimler to raise cash via the equity market.

Deutsche's relationship with Daimler is one of the enduring features of German capitalism. It dates back to the late 1920s, when Deutsche helped advise on the merger of two automotive manufacturers to create Daimler-Benz. Since then, the bank has maintained its influence through its shareholding and via the supervisory board.

By tradition, the chief executive of the bank has always been chairman of the Daimler supervisory board, a position currently occupied by Mr Hilmar Kopper.

Deutsche's role in Daimler's affairs has been subject to criticism from those who say the bank is bigger in profits terms than its next two German rivals - occupies too powerful a position in German corporate life. This is cemented by dozens of shareholdings in Germany's largest companies, and by hundreds of positions on German supervisory boards.

Daimler's affairs. The bank's 25 per cent stake and the role on the supervisory board will leave the relationship much as before.

That the move is taking place does, however, show the willingness of the German corporate and financial establishment to "think the unthinkable" amid the worst recession in Germany since the second world war. Daimler's listing in New York, to which Deutsche is co-adviser with Goldman Sachs, is also evidence of this. The listing will require Daimler to disclose significantly more financial information than is required under German accounting rules.

It is also likely to influence the way in which the group is managed, putting the management board under greater pressure to generate short-term profit and pay higher dividends to performance-oriented US shareholders.

## VW rethinks Skoda investment strategy

By Kevin Done,  
Motor Industry Correspondent

**VOLKSWAGEN'S** dramatic last-minute withdrawal from its planned DM1.4bn (\$875m) financing deal for Skoda, its Czech affiliate, was forced by the drastic reduction in the group's capital investment plans, Mr Rubert Reichs, VW group treasurer, said yesterday.

"It is apparent that our investment plans for Skoda will change substantially," he said.

Volkswagen yesterday had

been due to sign the DM1.4bn

Skoda project finance facility, the biggest yet planned for east Europe, with a banking group led by the International

Finance Corporation, an arm of the World Bank, and the European Bank for Reconstruction and Development.

The four lead commercial banks were Dresdner and Deutsche banks, J.P. Morgan, and CS First Boston.

"It was the honest and professional thing to do - to call off the deal rather than have all the banks come and sign - when we know that the investment plans in the prospectus documents will change dramatically," said Mr Reichs.

"It was the lesser of two evils to call off the deal at short notice."

The treasurer himself was only informed on Thursday morning by the group's management board that the financ-

ing deal, which had been under negotiation for nearly two years, was to be abandoned.

Mr Reichs was unable to provide any detail of how VW now

planned to proceed with the development of Skoda, in

which it is acquiring a majority 70 per cent stake.

VW had planned to spend DM1bn over 10 years at Skoda. This would have been to double its production capacity to more than 400,000 cars a year, to modernise its facilities, and to renew its products with the addition of a second car range.

With VW suffering from heavy losses and sharply declining sales, Mr Reichs said the group's investment plans were now "in flux".

"The whole expenditure pro-

cess is being restructured and reviewed. This is a huge task that proceeds at an enormous pace, but it still takes time to run through all the elements."

He did not expect the move

to have a detrimental effect on VW's banking relationships.

The surprise of London bankers at VW's withdrawal from the financing deal was mirrored by the Czech government and Skoda itself. Skoda executives said yesterday they had been informed the deal had been off less than 24 hours before the planned signing.

Mr Jiri Hrabovsky, Skoda spokesman, insisted the company still planned to double production to around 450,000 cars a year by 1997.

## Westinghouse warns of third-quarter fall

By Frank McGurk in New York

**SHARES** in Westinghouse Electric softened on Wall Street yesterday after the diversified US group warned of a substantial downturn in third-quarter earnings.

By mid-morning, the stock was trading at \$134, down \$1% in heavy volume.

Net income from continuing operations is expected to drop 50 per cent in the period, against last year's comparable figure of \$91m or 23 cents a share. The consensus forecast by analysts was earnings of 24 cents a share.

For the full year, operating results were expected to slip 10 to 20 per cent from 1992 levels.

The company, which has been struggling to recover from poor property investments in the 1980s, blamed the downturn on the deterioration of the market for environmental products and services, especially in Europe. Electronics systems, power systems, and broadcasting were also experiencing a lackluster third quarter, it said.

In an effort to reduce its heavy debt burden, Westinghouse has been gradually withdrawing from financial services - particularly from real estate investment. In August it agreed to sell its electrical distribution and control equipment business to Eaton for \$1.1m.

The airline announced an ambitious strategy to reduce losses and cut costs by about

## Accor in talks over Air France hotel deal

By John Riddings

**ACCOR**, the French hotel and tourism group, is holding talks with Air France, the state-owned airline, concerning a merger of its Sofitel hotels operation with the airline's Meridien hotel chain.

Accor said it had long been interested in merging the groups to create a strong international luxury hotel group.

The plan has received impetus from Air France's announcement this week that it wanted to sell the Meridien hotel chain as part of a package of economy measures.

The airline announced an

ambitious strategy to reduce

losses and cut costs by about

FF95m (\$63m) by the end of next year. It named several assets, including the Meridien hotels, in which it holds a 57 per cent stake, as candidates for disposal.

Accor stressed yesterday it did not want to buy the Meridien hotel chain. With net debts of about FF1.8bn at the end of last year, the company is constrained in making acquisitions. Instead, it envisages a new company pooling the Sofitel and Meridien hotels.

According to such a scheme, Air France would receive payment from other investors in the new hotel group.

A combination of Meridien

and Sofitel would create a

chain of about 140 hotels.

## Chicago

SOYABEAN 5,000 bbl m/c cents/bushel

Close Previous High/Low

Sept 22 62.00 62.00 62.11 62.14

Oct 22 62.00 62.00 62.21 62.35

Nov 22 62.00 62.00 62.21 62.40

Dec 22 62.00 62.00 62.21 62.40

Jan 22 62.00 62.00 62.21 62.45

Feb 22 62.00 62.00 62.21 62.45

Mar 22 62.00 62.00 62.21 62.45

Apr 22 62.00 62.00 62.21 62.45

May 22 62.00 62.00 62.21 62.45

June 22 62.00 62.00 62.21 62.45

July 22 62.00 62.00 62.21 62.45

Aug 22 62.00 62.00 62.21 62.45

Sept 22 62.00 62.00 62.21 62.45

Oct 22 62.00 62.00 62.21 62.45

Nov 22 62.00 62.00 62.21 62.45

Daimler

The Daimler-Benz AG and the other members of the Daimler-Benz group are continuing to expand their market share in Europe and abroad. The company's products are now available in over 100 countries worldwide. The Daimler-Benz group includes Mercedes-Benz, Maybach, Benz, and Daimler-Benz.

## Questions raised over Fondiaria stake sale

By James James in Milan

### FOREIGN EXCHANGES

## Schlesinger helps the dollar

**T**HIS DOLLAR was well underpinned against the D-Mark in European trading yesterday, helped by growing indications that the level of German inflation is falling, writes James Blitz.

Few dealers expect any signal of an easing in German monetary policy next Thursday, when Mr Helmut Schlesinger chairs his last meeting of the Bundesbank's policy-making council in his role as President. "I suspect they'll be getting the champagne out rather than discussing monetary policy," said the chief economist at one leading US bank in London yesterday.

But comments from Mr Schlesinger on Thursday raised new speculation that German interest rates are coming down faster than the market had expected. The outgoing Bundesbank president said that M3 monetary growth in August had not been as strong as anticipated, following the

Bundesbank's DM30bn intervention in support of exchange rate mechanism currencies.

There is also growing anticipation of a decline in German consumer price inflation.

Next week, the German Lander will give their inflation figures for last month. Mr Neil MacKinnon, chief currency strategist at Citibank in London, thinks that inflation will fall to 4 per cent for the whole country in the August figures.

He also thinks that by October,

inflation will have fallen below

the 4 per cent level.

The dollar closed at DM1.6055 from a previous close of DM1.6065.

There was far less activity in the dollar/euro exchange rate, in spite of what must be US disappointment in the fiscal stimulus launched by Japan last week.

Both Mr Lloyd Bentsen, the US Treasury Secretary, and Mr Larry Summers, the Under-Secretary for International Affairs,

have both expressed satisfaction with the package. Some currency analysts have been surprised by that tone, and believe that they may get more critical after Japanese officials visit Washington next week.

However, the US would not want to weaken the Japanese economy so much by allowing the yen to appreciate so strongly, and that the possibility of intervention by the Federal Reserve still exists.

The yen closed at Y104.35 from a previous Y104.40.

In Europe, exchange rates were little moved yesterday at the end of a quiet week. Sterling closed at DM2.4700 from a previous DM2.4625. Next week's M4 money supply data is expected to be little changed on the week. But Mr David Cocker, chief economist at Chemical Bank in London, said that there could be renewed speculation about an interest rate cut if the figure was weaker than expected.

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**FINANCIAL TIMES WEEKEND SEPTEMBER 18/SEPTEMBER 19 1993**

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Prices are in pence unless otherwise indicated and these designations & will be referred to in U.S. dollars. Yields % are for all buying expenses. Prices of earlier or later issues linked plus subject to capital gains or loss rates. Distribution free of U.S. taxes. Portfolio premium insurance option, a Single premium insurance is designated as a UCITS fund. <sup>1</sup> Diversification investment in Transferable Securities. <sup>2</sup> Diversification investment in Transferable Securities. <sup>3</sup> A offered price includes all expenses except agent's commission. <sup>4</sup> Previous day's price, <sup>5</sup> 60 German marks. <sup>6</sup> Suspended. <sup>7</sup> Held before July 1st. <sup>8</sup> Ex collection. <sup>9</sup> Only available in charitable bodies. <sup>10</sup> Yield column shows annualized rates of NAV increase as at 31st August.

<sup>11</sup> Funds not SIS recognized. The regulatory authorities for these funds are Germany: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgport.

## WORLD STOCK MARKETS

US MARKETS  
(3 pm)

	September 17	Sept 16	Sept 15	Sept 14	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Sept 6	Sept 5	Sept 4	Sept 3	Sept 2	Sept 1	Sept 17	Sept 16	Sept 15	Sept 14	Sept 13	Sept 12	Sept 11	Sept 10	Sept 9	Sept 8	Sept 7	Sept 6	Sept 5	Sept 4	Sept 3	Sept 2	Sept 1																				
A&P Corp	131	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Cyprus Minres	245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
AMR Corp	64	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DSC Commun	583	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
AMCI Corp	41	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	DKE Corp	385	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abbot Labs	295	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advanced Micro	291	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcoa	131	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcoa Inc	692	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcoa Porcs	195	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Albert Heijn	120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alberta	13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Albermarle	52	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcoa Standard	491	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel Bell	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel France	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel Germany	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel Italy	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel Spain	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel UK	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Alcatel West	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Alcatel	205	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	Alcatel	205	-	-	-	-	-																														

## WORLD STOCK MARKETS

## AMERICA

# \* US stocks fall sharply on futures expiry

## Wall Street

**HEAVY** selling related to "triple-witching" (the quarterly expiration of equity derivatives contracts) sent share prices tumbling in extremely heavy trading yesterday morning, writes Patrick Harverson in New York.

At 1pm, the Dow Jones Industrial Average was down 24.31 at \$3,065.54. The more broadly based Standard & Poor's 500 was 1.49 lower at 457.94, while the Amex composite was down 0.85 at 452.73, and the Nasdaq composite down 0.34 at 739.46. Trading volume on the NYSE was 251m shares by 1pm.

Stock markets ended a trying week on a downturn note, although the early losses were primarily the result of technical, not fundamental, pressures on prices. Yesterday was triple-witching day, when stock and stock index futures and options contracts all expire on the same day. Traditionally, triple-witching creates substantial volatility in prices, often biased toward selling.

Yesterday was no exception, and was in fact busier than most such days. The sell orders piled up before the opening, creating order imbalances in trading of stocks.

When trading started, prices tumbled, leaving the Dow 17 points lower within minutes. At 10am, trading volume stood at 150m shares, making it the busiest half-hour in the New York Stock Exchange.

Although prices often recover at the end of the session on triple-witching day, analysts warned that the mood of the markets was sombre, and it was possible that prices might stay at their lows throughout the session.

Early declines in bond prices did not help sentiment, and although bonds recovered later in the morning, equities showed no signs of recovering.

**CANADA**

TORONTO continued to slide at midday, led by weaker metal and mineral issues.

FRANKFURT's rise of nearly 1.6 per cent was driven both by technical trading from the options and futures exchanges and a sharp rise in Daimler as traders covered short positions after the release of the group's interim results. A revival of the dollar also helped sustain sentiment.

The DAX index closed up 26.32 at 1,981.98, for a week's rise of 1 per cent. Turnover was DM125bn.

**SOUTH AFRICA**

GOLD shares fell back slightly in late afternoon trading, and the index lost 10 to 1,448. Industrial shares fell 12 to 4,520 and the overall index was 14 lower at 3,848. De Beers dipped 50 cents to R79.50 and Richemont lost 30 to R42.

## ASIA PACIFIC

# Nikkei edges back as Taiwan surges 4.7%

## Tokyo

**DISAPPOINTMENT** over the government's failure to include income tax cuts in Thursday's emergency economic package affected sentiment, and share prices lost ground on selling by arbitrageurs and corporate investors, writes Enriko Terazono in Tokyo.

The Nikkei average fell 111.11 to 20,397.04 after a high of 20,332.65 just after the market opened, and low of 20,305.33 in the afternoon as institutional investors moved to realise profits ahead of the September 30 book closing.

Volume was 295.3m shares against 259m. Declines outpaced advances by 974 to 296 with 195 unchanged. The Topix index of all first section stocks fell 5.75 to 1,651.34 and, in London, the FTSE/Nikkei 50 index fell 4.75 to 1,269.67.

The Yen/100 economic package is seen as containing little actual inflow of funds into the economy. The failure of the Bank of Japan to cut its official discount rate has

also discouraged investors.

Traders hope that the round of recent selling ahead of the mid-term book closing will have run its course by next week. However, some market participants remain pessimistic over the economy and do not expect a rush to buy shares.

Large capital shares faced profit-taking. Nippon Steel, the day's most active issue, fell Y5 to Y331 and Mitsubishi Heavy Industries lost Y3 to Y655.

Electronics companies were also lower. Sony fell Y10 to Y4,350, Hitachi declined Y10 to Y833 and NEC lost Y10 to Y655.

Nippon Telegraph and Telephone lost Y5,000 to Y866,000.

In Osaka, the OSE average fell 216.32 to 22,499.53 in volume of 89.5m shares.

## Roundup

THERE was no trading in Hong Kong yesterday because of a severe storm.

TAIWAN rose 4.7 per cent after the central bank cut the reserve requirements of the country's commercial banks, and later a number of banks

announced further cuts in interest rates.

The index jumped 176.48 to 3,941.46, but off an intra-session high of 3,883.90. The index has gained 1.7 per cent on the week. Turnover was T\$30bn, its highest level since May.

Exporters were helped by a trade ministry forecast that Japan's economic stimulus package would boost South Korea's export performance by 500m, while reports that the country expected its largest ever steel trade surplus helped steelmakers to advance.

SINGAPORE edged higher as the consolidation continued and the Straits Times industrial index rose 7.67 to 2,006.38

after picking up from an intraday low of 1,996.31, 0.5 per cent higher on the week.

AUSTRALIA turned sharply higher after recent falls, helped by BHP's strong first quarter profit results and firmer gold stocks. The All Ordinaries rose 2.9 to 1,925.5, but was 0.8 per cent lower on the week. BHP advanced 52 cents to A\$15.96 after reporting a 22.1 per cent rise in net profit to A\$16.1m in the August quarter.

NEW ZEALAND weakened in light trading, as Telecom shares lost 5 cents to NZ\$4.10. The NZSE-40 capital index shed 23.38 to 1,945.23 in turnover of NZ\$28.3m.

THE Yen/100 economic package is seen as containing little actual inflow of funds into the economy. The failure of the Bank of Japan to cut its official discount rate has

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

## NATIONAL AND REGIONAL MARKETS

	THURSDAY SEPTEMBER 16 1993				WEDNESDAY SEPTEMBER 15 1993				DOLLAR INDEX							
	US Dollar Index	% Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	% chg on day	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	High 1993	Low 1993	Year ago (approx)	
Australia (69)	126.73	+0.4	125.09	92.21	116.70	142.68	-0.3	126.74	123.94	93.52	115.32	143.04	148.84	117.39	129.70	
Bahrain (17)	171.16	+0.2	165.49	112.96	142.98	142.88	-1.4	170.7	175.75	167.94	118.04	145.58	140.83	131.16	158.02	
Belgium (17)	151.98	-0.7	150.85	100.23	125.65	128.29	-0.4	147.8	142.92	143.13	102.07	126.85	128.78	131.19	143.40	
Canada (107)	124.30	+0.3	120.17	82.02	103.81	121.27	+0.4	127.23	123.87	118.47	83.28	102.81	117.23	110.41	125.47	
Denmark (22)	231.40	+0.6	223.72	152.71	195.27	208.64	+1.0	230.01	220.81	195.27	121.29	195.27	208.64	121.29	220.81	
Finland (23)	106.84	-0.2	102.39	70.51	107.00	107.00	-0.1	104.89	104.89	104.89	70.50	103.91	105.85	65.50	94.95	
France (97)	167.57	-1.0	161.87	101.93	139.69	147.54	-0.1	161.92	161.72	113.86	140.15	174.54	171.89	142.72	160.36	
Germany (60)	122.97	-1.0	122.59	88.06	105.13	105.13	-0.2	120.27	124.75	85.47	105.37	126.77	121.59	115.97	129.70	
Hong Kong (55)	122.23	-0.1	263.49	193.51	244.92	251.06	-1.1	268.41	265.24	199.07	245.49	294.37	302.14	218.62	275.00	
Ireland (16)	168.66	-1.8	163.26	111.44	164.10	164.55	-1.0	171.83	171.83	164.01	115.27	185.21	170.23	128.88	174.85	
Italy (70)	74.50	-3.3	72.03	49.18	62.22	68.48	-2.6	1.57	167.65	173.32	126.03	105.42	185.91	100.75	102.02	117.90
Japan (470)	157.42	+0.4	152.19	103.89	131.50	131.50	-0.1	152.19	152.19	103.99	105.42	152.19	152.19	101.45	124.20	
Malaysia (59)	397.54	+0.4	384.35	282.34	329.03	329.03	-0.1	377.36	379.71	268.87	329.03	389.33	410.47	251.66	240.24	
Mexico (19)	1688.20	-0.8	163.12	111.93	141.08	147.96	-0.7	0.96	1700.23	1824.71	111.91	140.12	1570.88	1771.38	1410.30	1243.59
Netherlands (24)	127.27	-0.1	127.27	121.93	153.05	158.88	+0.6	126.82	126.82	126.82	105.13	158.15	163.36	105.13	129.70	
New Zealand (13)	63.93	+1.2	58.80	40.21	50.88	58.57	+1.2	58.81	60.21	57.54	40.44	68.57	59.24	40.58	43.19	
Norway (22)	173.37	-1.7	167.61	114.41	144.80	145.84	-0.8	1.60	175.33	168.49	118.43	148.04	165.21	177.44	131.82	141.82
Singapore (59)	280.06	+0.4	279.46	190.76	241.42	212.53	-0.2	186.01	275.41	228.62	212.03	207.04	188.35	177.44	188.40	
South Africa (30)	197.75	+2.3	181.55	123.92	158.64	151.88	+0.6	197.76	197.76	151.84	122.52	183.84	140.97	115.23	125.72	
Spain (49)	137.44	-0.3	132.88	80.70	114.74	114.74	-0.4	135.45	137.65	173.32	126.03	155.42	181.90	125.23	167.98	
Sweden (26)	185.33	-1.2	179.18	122.31	130.53	130.53	-0.4	182.37	182.37	131.51	92.44	114.00	118.58	130.04	118.45	
Switzerland (50)	136.91	-0.5	132.58	101.88	121.88	121.88	-0.4	134.94	134.94	101.78	101.78	128.91	128.91	101.78	124.20	
United Kingdom (218)	197.57	-0.7	181.87	122.77	155.65	161.34	-0.4	1.3	200.68	191.78	134.81	168.23	187.52	19		







# FINANCIAL TIMES

Weekend September 18/September 19 1993

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Move on public-sector wages seen as 'trap' for workers and Labour

## Unions split on pay freeze plan

By David Goodhart and Lisa Wood

SPLITS APPEARED yesterday in trade union opposition to the government's plan to freeze public-sector pay next year.

Mr John Edmonds, leader of the GMB general union, warned yesterday that strike action by public-sector workers might play into the hands of the government. His warning is likely to anger the more militant leaders of Unison, the 1.4m strong public-service union, and the smaller Fire Brigades Union.

The divisions have emerged ahead of next week's planned TUC strategy meeting. At the same time, unions representing more than half a million nursing staff submitted a 10 per cent pay

claim. Earlier this week, teachers called for an 8 per cent increase plus a £1,000 one-off payment.

Mr Edmonds told a conference of Labour councillors in Manchester yesterday: "The chancellor's pay freeze is an attempt to trap public-sector workers into a strike and to take the spotlight off his own difficulties."

His comments were supported by Mr Jack Dromey, the chief local-government officer of the Transport and General Workers Union, who said: "It is clear that part of the government's agenda is to trap us and thereby trap the Labour party."

Together, the two big general unions represent 500,000 of the 5.5m public-sector workers, but they will carry disproportionate influence on the TUC committee.

The nurses and teachers have submitted their claims to their pay review bodies. Doctors, the armed forces and top civil servants have still to submit claims.

None of the bodies, which are independent of the government and make recommendations on pay, have yet met to consider the implications of the Treasury's freeze on public-sector pay bills.

This week Mr Kenneth Clarke, the chancellor, said pay rises in the public sector would be allowed only in exchange for productivity increases.

The unions say productivity is impossible to measure in many parts of the public sector. Ms Judith Carter, of Unison, said yesterday: "We find no evidence that performance-related pay will improve service quality."

Many public-sector managers welcome the shift to more local bargaining, which is likely to be one consequence of the pay arrangements for 1994-95. The civil service agencies, such as the Benefits Agency, are already scheduled to take control of pay bargaining for more than 250,000 civil servants next year.

They are also expected to make efficiency savings of 2.5 per cent, and some managers fear that further efficiency gains will be clawed back by the Treasury rather than paid to staff.

Ms Susanne Brierley, head of the organisation representing personnel managers in NHS trusts, welcomed the greater flexibility that should be provided by moving away from a simple pay norm.

## US expected to press EC for faster cuts in interest rates

By Peter Norman,  
Economics Editor

THE US is expected to urge France and other European Community countries to make faster cuts in interest rates when finance ministers and central bank governors from the Group of Seven leading industrial nations meet in Washington next Saturday.

European monetary officials say the US has made clear in preparatory talks that it is disturbed at the slow easing of monetary conditions among Germany's partners in the European exchange rate mechanism (ERM) after the currency crisis in July and August.

The US has argued that the ERM member states had been forced into too tight a policy position by linking their currencies closely to the D-Mark. Now that fluctuation margins have been expanded to 15 per cent either

side of the ERM central rates, some US officials want interest rate cuts of perhaps one percent a year at a time in countries such as France, rather than the cautious cuts made so far.

Underlying the US stance - which is likely to be supported by other nations attending the annual meetings of the International Monetary Fund and World Bank in Washington at the end of this month - is a concern about the sluggish economic recovery in the industrialised world.

The next issue of the IMF's World Economic Outlook, to be published in Washington on Wednesday, is expected to revise downwards the growth forecast for the industrialised world next year to about 2.4 per cent from nearly 3 per cent in April.

In Helsinki yesterday, Mr Kumiharu Shigehara, chief economist of the Organisation for Economic Co-operation and Development, said it now expects

growth in its 24 industrialised member states will be only about 1 per cent this year compared with 1.2 per cent forecast in July.

It is understood that the latest IMF growth forecasts for the US and Japan have been revised downwards since the first calculations were circulated in August.

The IMF expects practically no growth for Japan this year, holding out the possibility of a full-blown recession.

In Washington, Britain and other countries are expected to press for a speedy and successful conclusion to the Uruguay Round of trade liberalisation taking as a way of strengthening global growth prospects. Mr Peter Suberland, the new secretary general of the General Agreement on Tariffs and Trade, is due to attend the meeting of the IMF's policy-making Interim Committee on September 26.

## Delors wants monetary 'fortress Europe'

Continued from Page 1

market - that Mr Delors wants to erect a monetary 'fortress Europe'.

Officials close to Mr Delors defended the president's other chief suggestion to defend the EMS: a tightening of the rules governing short-term speculation, possibly by requiring that

banks lending money to speculators should be required to deposit an equivalent amount at the relevant central bank.

"We should not underestimate the effect of the past two or three years, when there has been this movement of ideas led by the Anglo-Saxons condemning as unrealistic or dangerous the objective of a single currency," he said.

course to achieve turnover approaching DM100bn for the full year, however, after DM96.5bn last year.

Financial analysts forecast yesterday that the group would lose DM2bn on a US basis for the whole of 1993. Despite this gloomy prognosis, the group's share price rose strongly yesterday to close up DM19 at DM721.

## China hint of Atlanta Olympics boycott

By Keith Wharrey

A TOP Chinese official warned yesterday that his country might boycott the 1996 Olympic Games in Atlanta unless Beijing was chosen to host the Games in 2000.

As delegates gathered in Monaco for the annual meeting of the International Olympic Committee, which will decide among five contenders on Thursday, Mr Zhang Baifa, chief executive of the Beijing Olympic bid committee, said that in his view a boycott was possible because of political interference by the US House of Representatives, which voted in July to oppose China's bid on human rights grounds.

In Beijing, however, an official said those comments were "definitely not the position" of the Chinese committee. Mr Zhang's remarks, which he confirmed to Reuter in Monte Carlo, were made in an Australian television interview to be screened today. Odds on Sydney to host the Games shortened yesterday, with William Hill, the London bookmaker, offering 11-8 compared with 11-4.

Beijing remains the favourite at 8-11, with Berlin at 5-1, Manchester at 7-1 and Istanbul the outsider at 100-1. Berlin's already battered cause was weakened by midweek bomb explosions which damaged premises of those sponsoring the city's campaign - some in Berlin oppose the bid on grounds of expense. The chances of Amsterdam as a 1996 candidate were irreparably damaged by protesters throwing paint and flour bombs at the Olympic elite as they entered meetings.

It seems likely that the majority of African IOC members will support Beijing.

Betting may pay for fast pace,

Weekend, Page XV

## Daimler-Benz plunges to loss of £380m

Continued from Page 1

and by establishing more manufacturing outside Germany.

Faced by plunging car and commercial vehicle sales across Europe, including a 34 per cent fall in its commercial vehicle sales in Germany alone in the first half of the year, Daimler-Benz is now planning to cut a

total of 43,000 jobs worldwide in 1993 and 1994.

Of this reduction 35,000 jobs are to be eliminated in Germany and would include some compulsory redundancies, warned Mr Reuter.

Group turnover fell to DM41.64bn from DM48.09bn in the same period a year ago. Daimler-Benz said it was still on

course to achieve turnover approaching DM100bn for the full year, however, after DM96.5bn last year.

Financial analysts forecast yesterday that the group would lose DM2bn on a US basis for the whole of 1993. Despite this gloomy prognosis, the group's share price rose strongly yesterday to close up DM19 at DM721.

## FT WORLD WEATHER

### Europe today

A depression developing in the Atlantic will move slowly eastward. The associated frontal system will reach Ireland during the morning, causing rain and gale force southerly winds. A ridge of high pressure over the North Sea will bring settled conditions to the rest of Northern Europe. In southern Scandinavia, the Low Countries and north-western France, sunny spells will alternate with cloud. A front over eastern Spain, southern France and the Alps will cause thundery showers which will move eastward. The western part of the Iberian peninsula will be sunny and dry. High pressure over the Mediterranean and the Balkans will bring sunny, warm conditions to Italy and south-eastern Europe with afternoon temperatures over 30C.

### Five-day forecast

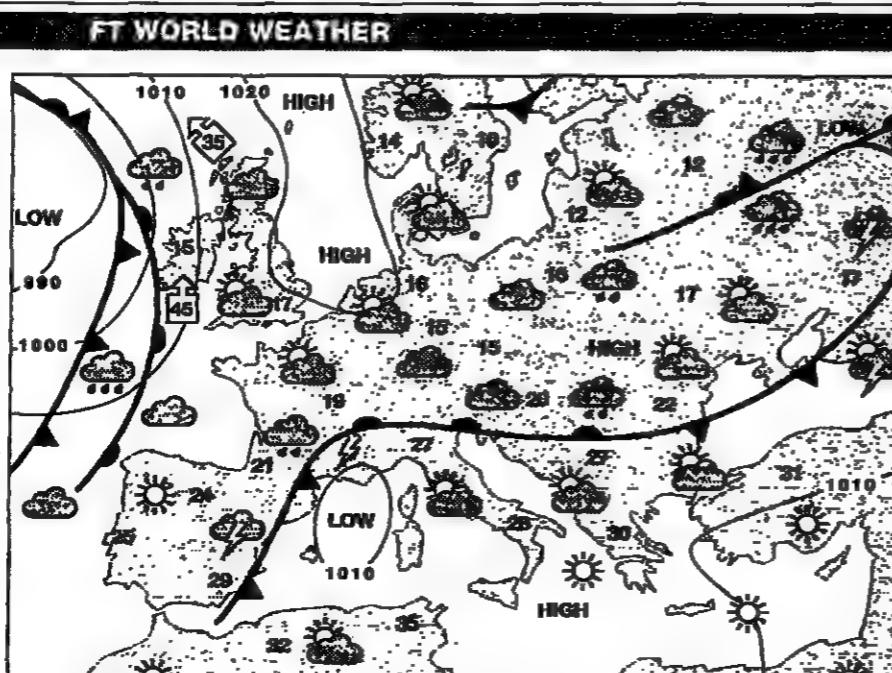
The Atlantic depression will move very slowly east, weakening as it does so. The associated fronts will bring rain to the British Isles and north-western Spain. High pressure will produce settled conditions in most of northern Europe during the weekend but later this pressure zone will move over eastern Europe. Low pressure in France will move north-east, causing thundery showers across central Europe next week.

### TODAY'S TEMPERATURES

	Maximum	Belarus	cloudy	18	Gibraltar	cloudy	17	Malta	sun	32	Rio	thund	25	
Abu Dhabi	sun	42	Berlin	cloudy	27	Chicago	shower	18	Manchester	cloudy	15	Riyadh	sun	40
Azores	trnd	28	Bermuda	fair	31	Cologne	fair	16	Madrid	cloudy	30	Rome	fair	26
Algeria	sun	32	Bogota	cloudy	20	Dallas	fair	31	Hamburg	cloudy	12	Mexico City	fair	22
Amsterdam	hkf	16	Bombay	cloudy	23	Dallas	sun	30	Helsinki	cloudy	10	Manila	thund	21
Athens	sun	23	Brussels	fair	18	Damn	fair	23	Hong Kong	showers	9	Madrid	thund	21
S. Africa	fair	15	Budapest	shower	18	Dublin	fair	15	Honolulu	fair	10	Milan	thund	21
Bahrain	fair	15	Copenhagen	cloudy	21	Dublin	cloudy	15	Istanbul	fair	10	Stockholm	cloudy	10
Barbados	cloudy	33	Caracas	sun	39	Dubrovnik	cloudy	27	Johannesburg	fair	19	Toronto	cloudy	18
Beijing	cloudy	19	Cape Town	fair	19	Edinburgh	cloudy	21	Kiev	thund	16	Tunis	fair	35
Belgium	cloudy	25	Cebu	fair	26	Faro	fair	25	Kuala Lumpur	sun	29	Tokyo	shower	27
Bulgaria	cloudy	15	Cenecus	fair	25	Faroe	fair	25	Lagos	sun	21	Toronto	cloudy	18

Latest technology in flying: the A340

**Lufthansa**  
German Airlines



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands													
Belarus	cloudy	18	Gibraltar	cloudy	17	Malta	sun	32	Rio	thund	25		
Celkuk	cloudy	18	Genova	shower	20	Manchester	cloudy	15	Riyadh	sun	40		
Belgrade	fair	27	Gibraltar	cloudy	25	Manila	cloudy	30	Rome	fair	26		
Berlin	cloudy	18	Glasgow	cloudy	16	Melbourne	shower	15	S. Fraco	fair	22		
Bern	cloudy	18	Hamburg	cloudy	12	Mexico City	fair	24	Saoul	thund	28		
Bermuda	fair	28	Helsinki	cloudy	10	Madrid	thund	31	Singapore	thund	21		
Bogota	cloudy	20	Iceland	fair	20	Mar del Plata	thund	31	Stockholm	cloudy	10		
Bordeaux	cloudy	22	Iceland	fair	20	Milan	thund	31	Toronto	cloudy	18		
Brisbane	fair	23	Iceland	fair	20	Montevideo	thund	31	Tunis	fair	35		
Budapest	shower	18	Iceland	fair	18	Moscow	shower	11	Vancouver	fair	28		
Buenos Aires	fair	18	Iceland	fair	18	Munich	shower	16	Vancouver	fair	28		
Buenos Aires	fair	18	Iceland	fair	18	Nairobi	thund	28	Vancouver	fair	28		
Bulgaria	cloudy												

# Weekend FT

## SECTION II

Weekend September 18/September 19 1993

## On patrol in the townships of death

**Patti Waldmeir spent a night on South Africa's front line with the 'self defence unit' of one embattled black community**

"We killed him and then we burned his body".

**S**HALL I bother to ask why, as though reason can comprehend the primordial hatred which spurred the dead and the bloodlust which carried it through?

But I cling to reason in this land driven half-mad by violence. I insist on a rational motive for the deed and it is chillingly simple: this South African township, Katlehong, is at war, one of the focal points of a conflict which has left 10,000 blacks dead since 1990. And the dead man was the enemy.

He was a resident of a migrant workers' hostel - which means he was probably also a Zulu and a member of the Inkatha Freedom Party. And his killers - these young black men who tell the tale in a cramped township kitchen, while I perch on a Formica stool and glance nervously at their AK-47 rifles - are residents of the area surrounding the hostel, who owe allegiance primarily to the African National Congress.

They are obviously filled with a sense of righteousness at their deed, a victory in the just war against the cruel aggressor: "hostel dwellers" they explain, have killed scores of residents in this section of Katlehong; burned, looted and destroyed their homes; forced them to flee.

Now the residents have formed a "self-defence unit" to protect their territory, and anyone found on the wrong side of the invisible line which separates "residents" and "hostel dwellers" - or ANC and Inkatha, if you prefer neater, though less accurate terms - counts a gruesome death. The dead hostel dweller was found well behind enemy lines: at the taxi rank, in "residents" territory. On his way home to the hostel, he was caught, killed and set alight. When I ask who killed him, the reply is obvi-

ous: "the community". Thabo, 27, is the leader of this band of urban guerrillas. Disarmingly shy, with a slow wide smile and a gentle manner, he inspires no fear; he does not even tell me to disguise his identity, but I have done so. Still, he is the one who instructs the others - young men with hard, wild eyes which have seen too much atrocity - in the art of loading an ammunition clip on to an AK-47.

It is near midnight, and we are in the kitchen of an abandoned house which the self-defence unit uses as a base, on the front line with a neighbouring area colonised by hostel residents. (The latter have established security zones around the hostels, driving out the residents and setting up their own, ostensibly defensive bases).

On one side of the eerie, empty street, young men from the self-defence unit sit in darkened rooms behind incongruous net curtains, their weapons trained on the houses opposite - where other (usually older) men from the hostels do the same. Thabo claims to have 15 such bases, 180 fighters, and to have killed 200 hostel dwellers. We both know he exaggerates, but his point is clear: the self-defence unit is extensive and relatively well-armed - and it is winning the just war against the hostels. (Some 200 people were killed in Katlehong and its contiguous townships of Thokozani and Vosloorus last month, as well as 400 the previous month, but police do not record the allegiance of corpses).

Thabo guides me into a pitch-dark sitting room, and cautiously shifts the net curtains a few centimetres to point out the enemy base opposite. He recounts numerous recent incidents of police collusion with the hostel-dwellers - on such-and-such a day they brought Inkatha men in armoured cars to attack the residents, another night they brought

guns to the hostel fighters, or attacked the residents entirely of their own accord.

Some of the stories must be apocryphal, but they cannot all be untrue. And it is clear that Thabo's motives for launching the self-defence unit were in his view unusually righteous: the community, a tight-knit group which developed a strong collective identity under apartheid, was under attack from the hostels; he could not stand by while defenceless women and children were killed.

But the worst savagery often proceeds from the purest motives, and the just war is notoriously hard to end. Thabo's troops may not think him for ending it, even if he would: for they are the "lost generation", teenagers who have known only the fight against apartheid, and now the battle against police and Inkatha. They clearly enjoy the exalted status which SDU membership brings, preferring the romanticism of daily life in Katlehong:

cised life of the guerrilla to the desperate boredom of the hopeless unemployed.

These young men are my bodyguards as I join one of the unit's night patrols, following a maze of paths between houses which crowd upon each other, wall to wall, past malodorous outdoor toilets (the water was switched off earlier in the day), under washlines in backyards crammed with rubble, taking cover from snipers behind half-demolished walls. All the houses are dark - residents observe the SDU's 8.30pm curfew, and black out windows down with blankets - and Thabo explains that he will shoot at anything that moves.

Luckily, nothing does. It is a quiet night. Occasionally, Thabo scratches quietly at a back door, and a resident lets us silently into a warm kitchen where the patrol deposits me for a while. One terrified resident after another tells a horrifying tale of daily life in Katlehong: the fear, the nights of shooting, the ever-present danger, the gratitude to the SDU, which has substantially improved security. Then we are out again into the night, squeezing through fence gaps, waking up the dogs, sprinting across wide dirt streets open to snipers. A police armoured vehicle trundles by, with its powerful spotlights trained on the houses; we freeze, a single shot rings out (not aimed at us, they have not seen us), and then move on.

When I decide I have had enough, sometimes in the early hours, Thabo sends two young runners to negotiate my safe passage out of the township with the neighbouring self-defence unit; they might otherwise shoot at an alien vehicle breaking curfew.

But before I go, he has some serious complaints to lodge against Nelson Mandela, the ANC leader. Thabo was a member of the South African Communist Party, the

ANC's staunchest ally. But the SAPC "betrayed the struggle of the working class" to the ANC, whose moderation he condemns, and so he has joined the "Communist International". He opposes negotiation, resents Mandela for suspending the armed struggle and leaving Katlehong residents unprotected, and thinks the ANC should go back into exile. Mandela cannot control him, and neither can the police; how will the new South Africa survive him?

■ ■ ■

But it would be wrong to suggest that Thabo is the only, or even the worst, threat to post-apartheid Katlehong. For every party to the conflict believes that right is on its side; they excuse the most ghoulish acts on the grounds of just cause.

That cause is not ideological, or theological, or even truly "political"; their battle is for survival. Wilson, a young resident of Medala

hostel in Thokozani, puts it simply: "they think we are going to attack them and we think they are going to attack us." Residents think the hostel dwellers want their homes; and hostel residents think the residents want the hostels demolished. For both, poor people who live perilously close to the edge of survival, housing is a life-and-death issue.

Even the police have seen 1,000 of their members killed in the last decade as part of an anti-apartheid strategy to kill security force members, and they too know fear.

But the triple township - Katlehong, Thokozani and Vosloorus are known administratively as "Kat-rus" - was relatively quiet until 1990, in spite of its desperate poverty, intense competition for housing, high population density and low employment. Something set them at each other's throats, and no one knows for certain what it was.

■ Continued on page VIII

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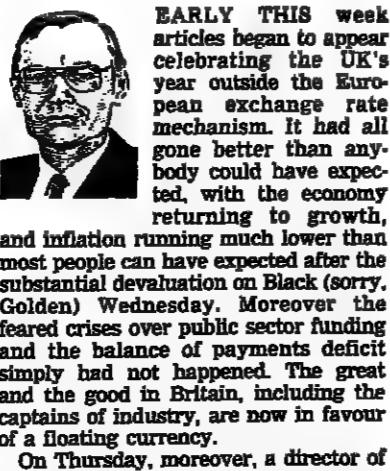


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## The Long View/Barry Riley

## The Norman inquest



EARLY THIS week articles began to appear celebrating the UK's year outside the European exchange rate mechanism. It had all gone better than anybody could have expected, with inflation running much lower than most people can have expected after the substantial devaluation on Black (sorry, Golden) Wednesday. Moreover the feared crises over public sector funding and the balance of payments deficit simply had not happened. The great and the good in Britain, including the captains of industry, are now in favour of a floating currency.

On Thursday, moreover, a director of Rothschilds called Norman Lamont burst into anniversary print to declare that the UK had gone into the ERM for all the wrong reasons. The man who once assured us that there would be no devaluations, no leaving the ERM, is now urging John Major to pull the UK out of the plan for European economic and monetary union.

The one-year-on celebrations, however, had a strange familiarity. They read uncannily like the articles that appeared at the beginning of October 1991 to celebrate the first anniversary of the UK's ERM entry. It had all gone better than anybody could have expected. Inflation was tumbling, interest rates were falling steadily, and sterling had stayed within its band without strain. As for falling GDP and rising unemployment, they were prices well worth paying (by other people, anyway). The great and the good, especially those captains of industry, were almost unanimously pro-ERM.

In fact, Britain's ERM honeymoon ended almost as soon as the first birthday cake had been consumed. Sterling suddenly crashed to the bottom of the ERM grid, and the struggle against unequal odds began in earnest. We never quite got to the moment for lighting two candles. This week, too, an anniversary jinx spoiled the party. The

industrial production figures were revised downwards, unemployment edged up again, inflation jumped back above 3 per cent on an underlying basis, and the Footsie index slipped temporarily back under 3,000 - albeit on a wave of profit-taking in international bond markets.

Now, this is not put forward as evidence that economic strategies have a one-year shelf life. I suspect that we are going to discover that an economy cannot be satisfactorily run through violent changes in strategy, and that we should not allow ourselves to be misled by the time lags that are involved, so that we have benefited from the ERM's dislocation long after we have left it.

As Bill Martin, of UBS, puts it, if deflating the pound and cutting interest rates were all that were required the world would have a world-beating economy.

After a year back in a floating rate regime there are signs that some of the bad old ways of the UK economy are reasserting themselves. Pay growth in manufacturing, the most buoyant sector of the economy at present, may have bottomed out at around 5 per cent, giving an indication of what may happen when the services sector recovers.

There is bound to be fierce resistance to the Government's rather feeble attempt this week to impose a semi-freeze on public sector pay. After a year in which inflation has almost always undershot expectations it has started to forge ahead again, and the prospect that the headline rate, boosted by indirect tax increases, might top 3½ per cent next year is cooling the market's hopes of an interest rate cut this autumn, at any rate one that is accompanied by significant tax increases and deficit reduction.

The low level of inflation has not, however, been entirely good news - not for the corporate sector anyway. In spite of the latest spell of weakness the Footsie index remains 26 per cent above its level at the close on Black Wednesday (and 32 per cent higher than at the

low point in August a few weeks earlier, when the market began to scent the imminent change of course). The upsurge has been founded upon the scope for companies to raise their prices and their profitability. But it has been very difficult in practice for companies to pass on higher costs in the domestic market place and some sectors - food manufacturing, for instance - have been squeezed.

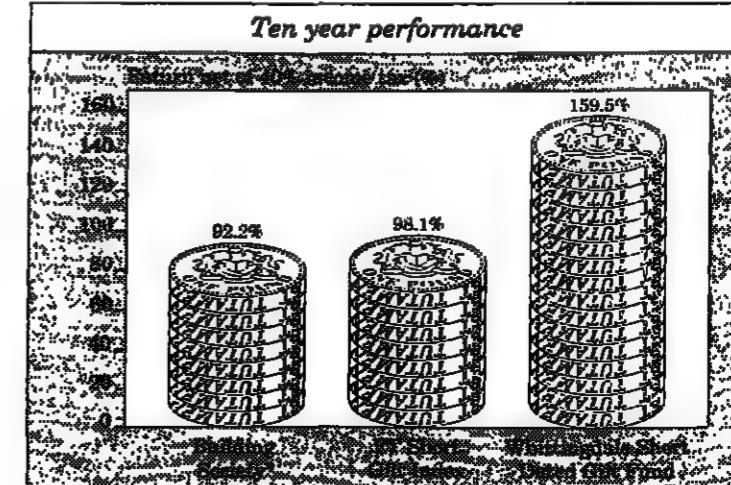
So the current profit reporting season has been a little disappointing, and certainly the prospects for a large increase in manufacturing investment in the UK to cure our underlying trade deficit do not look bright. True, the manufacturing productivity figures are very good but low wages and layoffs do not promise a convincing route to long-term prosperity. Rapid output growth would be much better, but it does not look a likely prospect.

Depressed continental Europe remains the big problem here, as business surveys are highlighting. We can scarcely escape from the constraints of weak European demand. And for all the fuss about the ERM crisis at the end of July, and the switch to wide currency fluctuation bands, more than half the EC member states have short-term interest rates at 9 per cent or more.

Although the foreign exchange speculators have been away sunning themselves and counting their profits they must now be tempted to have another go at individual currencies. The bond market shakeout may reflect fears that countries like France and Belgium will, after all, remain obstinately trapped in the economic doldrums.

We can float, but we may not be able to beat the tide. In any case, the bond market itself is becoming an important source of financial linkage between economies. The British government, for instance, is estimated to have financed anything up to 40 per cent of its fiscal deficit this year by selling bonds to foreign investors. Foreigners hold 17 per cent of the outstanding debt, and they expect prudent policies. Even outside the ERM freedom is relative.

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## MARKETS

London

# Something nasty in the long grass

By Peter Martin, financial editor

**L**IKE an autumn gardener stumbling over a rake, the markets this week received a sharp, unpleasant blow from a long-forgotten source.

The culprit, inflation, had vanished from sight over the summer. Hidden by long grass and the yellowing heaps of analysts' circulars, it had lost its power to frighten. The artificially low "headline" figures for the retail price index, held down by the cuts in interest rates, showed annual inflation of 1.4 per cent in July. Such exceptionally low numbers flattened the figure for underlying inflation, helping to create the belief that prices were headed remorselessly lower.

This expectation was one of the factors behind the summer rally in bond and equity markets. The effect is captured in the chart, which shows the markets' measure of expected inflation (derived by subtracting the yield on index-linked gilts from the yield on their

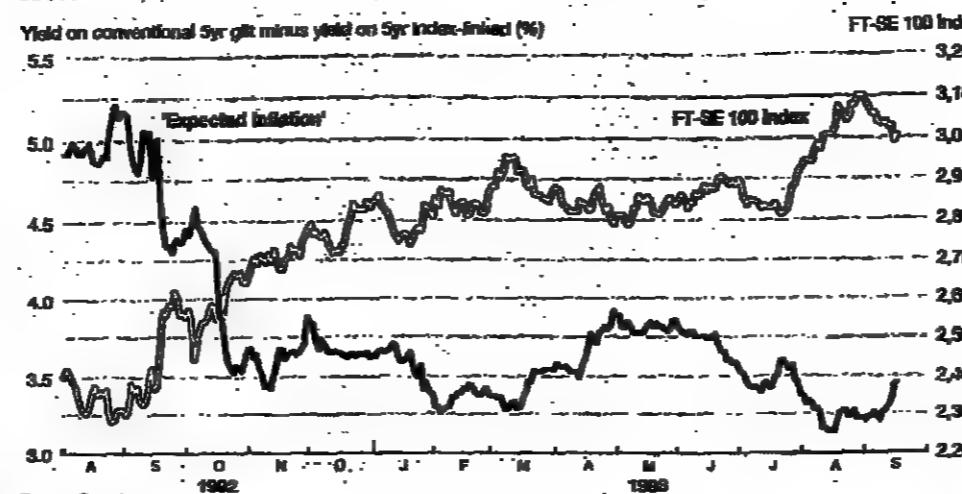
conventional counterparts). This line, in steady decline for most of the past year, is mirrored by the rise in the equity market.

In recent days, however, both lines have moved the other way. The reversal of trend was particularly abrupt on Wednesday, when the August inflation numbers appeared, showing a noticeably faster rise in prices than the consensus expectation. Headline inflation had jumped to 1.7 per cent.

The actual measure of underlying inflation, which excludes mortgage interest payments, had risen from 2.9 per cent to 3.1 per cent, its highest level since March. And on a still more pessimistic measure of the price level - adjusting for the continuing impact of the shift of local taxation - the figure is 3.8 per cent.

Because it was so unexpected, this fairly small rise in inflation had an exaggerated impact. The government bond

## A touch of tarnish on the mirror



Source: Datastream

market had its worst day since the pound left the ERM exactly a year before; the yield on 10-year gilts rose from 6.86 per cent to 7.04 per cent.

The FTSE 100 index also suffered, dropping 3.6 points to 2,934.4, its largest one-day fall for seven months.

By the end of the week, with the markets unsettled also by the expiry of the Footsie's futures contract, equities had recovered somewhat. The FTSE 100 index ended on Friday 3005.4, a drop of 31.5 points on the week. It was safely back above 3,000, and the scale of the setback was only modest; but the tone of analysts' comments had changed.

The most famously bullish of their number, Nomura's Nick Knight, was admitting to a "more hesitant stance in the short term", which is analysts' for "Excuse me while I back-pedal". Bearish commen-

tators, such as Panmure Gordon's Robin Aspinall, had cranked the tone-knob further towards gloom: UK equities were "dangerously exposed," he said, offering at best a long period of poor performance, and the worst does not bear thinking about."

An analysis couched purely in British terms would miss an important part of the week's news, however. London was not the only equity market to suffer a sharp setback on Wednesday: Paris fell 2%, Frankfurt 1 per cent, Amsterdam 2 per cent. One common influence on all these markets was the outlook for long-term US interest rates, which moved back above six per cent this week after their headings fall throughout the summer. Although the scale of the US reversal was not great - less significant to a chartist's eye, than the move in the UK - it too was influenced by inflation worries and it left investors understandably nervous. Was the turn in the US interest-rate cycle at hand?

Chris Golden, who watches worldwide bond markets for Lehman Brothers in London, thinks the worry is overdone. "People have a gut feeling: 'My God, these rates are really low,'" he says. But adjusted for inflation, yields are safely above their long-term average of around 2½-3 per cent. And UK yields are in real terms among the highest.

Still, this week's inflation flurry has given investors reason to shift their attention from the relative yields on stocks and bonds - a comparison that helped to propel the equity market to its summer highs. If there is a little more uncertainty than there was

over the future direction of long-term interest rates, that serves to heighten the scrutiny given to UK earnings. The flow of results and trading comments this week have not stood up well to such inspection.

On Thursday, in particular, there were worrying announcements by two big companies. LIG, the condom-maker, made its second profits warning in seven months; Tony Butterworth, its chief executive, announced that he would be retiring early. Earlier this year, analysts had been expecting annual profits of about \$60m. After this week's news of poor trading in the photo-processing division, they had slashed their forecasts to \$18m, and the shares fell 63p to 140p in response.

On the face of it the big corporate result of the day, interim figures from United Biscuits, was more cheerful. Despite recession and fierce price competition, UB had managed to keep pre-tax profits before exceptional moving ahead, even though the gain was only 1 per cent. Investors were not in a mood to be cheered, however: UB shares dropped 37p on the week, closing at 35p. The results highlighted a margin squeeze at the McVitie's biscuit division, one of British industry's most famously well-run businesses. Market share had come under pressure in the first quarter; the division won it back in the next three months but had to sacrifice profitability to do so - and lower margins were likely to persist for the foreseeable future.

But the market is evidently taking an even more optimistic view. As John Symanowski, of SG Warburg Securities, says: "The asset values of venture

## Serious Money

# Recognising the spirit of adventure

By Philip Coggan, personal finance editor

**H**E WHO ventures has definitely been winning over the last year. If any sector epitomises the helter-skelter pace of the bull market, it must be venture capital investment trusts, which back developing, and mainly unquoted, companies.

For a long time during recession, the sector seemed to produce nothing but disastrous news from the likes of Drayton Consolidated, Ensign and Graham House, as their portfolios were devastated by corporate bankruptcies. But over the year to September 1, the average venture capital trust produced a share price total return of 66.35 per cent (mid-market to mid-market with net income reinvested; source Microcap).

A significant transformation in investors' attitudes seems to have occurred over the last six months. When we wrote about Electra, the largest trust in the sector, in February, in our series on investment trusts, its shares stood at a discount of 34 per cent. Now, according to S G Warburg Securities, the discount has dropped to 15 per cent. The shares, then 214p, are now 276p.

Electra's results in June were moderately encouraging - a 14.7 per cent rise in net assets and a 4.5 per cent increase in dividend. Michael Stoddart, chairman, said in his statement: "I believe that the worst is over. The majority of companies in our portfolio look to be set for better times and we should start to see a gradual increase in the underlying value.

"All in all, while maintaining a cautious approach to the US and UK economies, I do believe that the outlook for your company is more encouraging than it has been for some time."

But the market is evidently taking an even more optimistic view. As John Symanowski, of SG Warburg Securities, says:

"The asset values of venture

increase in the prices of these shares flows straight through into the asset values of the trusts.

Furthermore, the small company revival has led institutions to review their venture capital weightings, according to Robbie Robertson, and decide there was a risk involved in being left behind. A venture capital trust represents a quick way of getting exposure to the sector.

Another important factor, according to Robertson, is the incidence of stock market listings. "It's easy for trusts to put money into companies," he says, "they have got to be able to get it out as well." When companies float, that results in an immediate uplift to asset values, as the "discount for illiquidity" disappears.

All these factors make Robertson believe the revival in the venture capital sector has been justified. But Warburg's Symanowski takes a different view. "I think the rally has been overdone. There is not enough sign of a UK recovery to justify the revival."

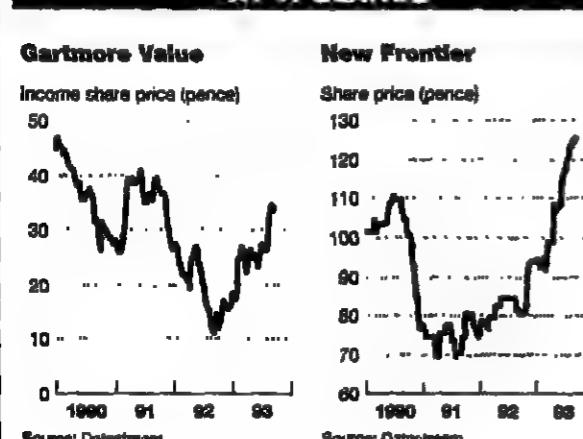
"I wonder how much we will see of the living dead factor," adds Symanowski. "Some companies have been tussling on the brink and trusts have not written them off. But as valuations rise across the rest of their portfolios, they will use the chance for write-offs."

For those who side with Robertson, rather than Symanowski, the top performing venture capital trusts over the past year, according to Microcap, have been SUMIT (up 188 per cent), Murray Enterprise (171.3), Govett American Endeavour (107.7), Foreign & Colonial Enterprise (105.1) and Electra (87.8). Over five years, the top five are: Manakin (which is gradually winding itself down and distributing its assets), Candover (up 202.8 per cent), Pantheon (185.1) Foreign & Colonial Enterprise (146.8) and Group Development (77.5).

## HIGHLIGHTS OF THE WEEK

Price y/day	Change on week	1993 High	1993 Low	
FTSE 100 Index	-31.5	3100.8	2737.6	Inflation concerns
FTSE Mid 250 Index	-50.8	3513.3	2878.3	Profit-taking in thin markets
Airtours	-22	416	269	Directors sell 5m shares
Assoc British Ports	+19	468	349	Bumper profits
Bluebird Toys	+118	486	128	Good results and promotion deal
Delta	-39	554	414	Figures disappoint
Dixons	+24	281	180	Sells US loss-making subsidiary
Incheape	-35	637	519	Profits below expectations
Laporte	+32	688	576	Improved performance
London Int'l Group	-73	274	140	Warning on forthcoming profits
RTZ	-25	746	607	Analysts cut forecasts
Rothmans B	-38	743	584	Concern over Footsie status
Steel Burhill Jones	-90	261	158	Losses surprise market
Tankins	+10	271	212½	Broker recommendations
United Bimini	-15	437	340½	Dull results

## AT A GLANCE



## Gartmore investors offered new fund

Shareholders in Gartmore Value Investments, a split-capital investment trust due to wind up in 1995, are being offered shares in Gartmore Shared Equity Trust, a new, less highly geared investment trust with a longer life. New investors can also buy shares in the trust.

Existing investors are being offered 34 new shares at 110p for every 100 old ordinarys, equivalent to a price of 34p per share. It is also offering 69.3 new zero dividend preference shares at 103p for every 100 old zeros, equivalent to 91.79p.

The new shares are expected to have a gross dividend yield of 12 per cent, compared with the present 14.2 per cent. The new zeros will give a gross redemption yield of 8 per cent, compared with 7.3 per cent.

## F&amp;C takes the helm

Foreign & Colonial will take over the management of the former New Frontiers Development Trust in a deal which will give F&C its first global emerging markets investment trust. The deal means that F&C replaces Iveria & Sime, which had managed the trust for the past two years. The restructuring follows the Merchant Navy Officers' Pension Fund decision to sell its 75 per cent stake in the trust; as part of that sale, F&C is buying a 29.9 per cent holding. Other New Frontiers shareholders can receive the same price as the MNOPF, around 98.2 per cent of net asset value. The trust's new name will be Foreign & Colonial Emerging Markets Trust.

## Fidelity unit trust discount

Fidelity is offering a 2 per cent discount on investments into its European unit trust between September 13 and October 11. The trust, managed by Anthony Bolton, is 48% out of 91 funds) in the sector over the five years to September 1, according to Microcap, with growth of 136.6 per cent (offer-to-bid with income reinvested). The initial charge (after the discount) is 3.25 per cent and planned privatisations, and the expected outperformance of smaller companies as reasons to favour European equities.

## Capel looks to smaller companies

Capel-Cure Myers Unit Trust Management has converted its Glenfriars Assets Trust (an international growth fund) into a smaller companies trust. The Capability Smaller Companies Fund will be managed by Crispin Finn, who also runs the NAP Smaller UK Companies Fund (68% out of 50 funds) in the sector over the five years to September 1. The initial charge will be 5 per cent and the annual charge 1 per cent.

## Moorgate changes Pep fees

Moorgate Investment Management has altered its personal equity plan charging structure from a percentage to a flat fee basis. Instead of a 2 per cent initial and 1 per cent annual charge, the equivalent fees will be £35 plus VAT and £30 plus VAT. Those who invest the full annual allowance of £5,000 should be better off as a result of the change. Moorgate manages three investment trusts: General Consolidated, Moorgate and Moorgate Smaller Companies.

## Minnows slip back

Share prices of smaller companies slipped slightly this week. The Hoare Govett Smaller Companies Index (capital gains version) dropped 0.9 per cent from 1593.02 to 1578.69 over the seven days to September 16.

**T**HE END of summer is always a refreshing time in New York. As the heat and humidity drops, so the energy levels pick up noticeably. City dwellers return from their summer homes, the tourist numbers dwindle, schools reopen, and the first flecks of autumnal brown appear in Central Park.

The financial markets also seem to come to life as the summer slumbers recede, and there was enough action on Wall Street this week to keep investors, traders and analysts buzzing for at least another month.

There was some disturbing news on inflation, which prompted a week-long, and potentially rally-busting, slide in bond prices. There was talk from senior central bankers about "speculative bubbles" in financial markets, which, combined with an unexpected jump in money supply figures, sparked renewed speculation

about the outlook for monetary policy and interest rates. There was also a huge merger in the entertainment industry that could yet turn into the first billion-dollar takeover

of the 1990s. And to top it all off, there was the latest quarterly "triple-witching", the simultaneous expiration of stock and stock index futures and options contracts that can temporarily turn the day's trading into a frenzied roller-coaster ride.

Yesterday's witching hour did not disappoint - sell orders related to the expirations backed up quickly as the market's opening approached, creating huge order imbalances in a small army of stocks. Soon after the starting bell rang, the Dow Jones Industrial Average dropped 17 points and by the end of the first 30 minutes of trading a 159m shares had changed hands - the biggest half-hour in the history of the New York Stock Exchange.

Five days earlier, the week had kicked off with a big surprise from the monthly inflation data. Just two days after the core measure of August producer prices had recorded its biggest decline in history, the consumer price index was released showing a much stronger-than-expected August increase of 0.3 per cent. The

news rocked the bond market back on its heels, sending the yield on the long bond back above 6 per cent. Although plenty of analysts warned not to read too much into one month's figures, and said that any selling of bonds was a natural reaction after a summer-long rally that surprised almost everyone in its length and depth, the CPI data injected a note of uncertainty

into the fixed-income markets that lasted the entire week. The losses in bonds quickly fed through into equities. Although the Fed recently played down the importance of M2 because of the unreliability of the data, the jump in M2 during the first week of September was regarded by many analysts as proof that interest rates need no longer.

If traders and investors were

expressing new concern about inflation, senior officials at the Federal Reserve were voicing their own fears about the impact of low interest rates on domestic financial markets. David Mullins, vice chairman of the Fed, and Lawrence Lindsey, a governor at the Fed, said in newspaper interviews that the central bank had to be wary of pushing interest rates any lower for fear of encouraging a speculative bubble in stock and bond prices of the kind that emerged in Japan in the late 1980s. They warned that the bubble could eventually burst with drastic consequences, just as the bubble burst in Japan, sending its economy into a long slump.

These warnings, more than normal Fed utterances, were remarkable enough in their own right, but took on an added relevance when Thursday's money supply figures were released showing a sharp rebound in the growth of M2 - the broadest measure of money supply. Although the Fed recently played down the importance of M2 because of the unreliability of the data, the jump in M2 during the first week of September was regarded by many analysts as proof that interest rates need no longer.

While the M2 numbers exacerbated the decline in bond

prices, equities managed to

hold their ground. Stock market sentiment was relatively robust, in part because of the week's big corporate story - the \$3.2bn acquisition of Paramount Communications by Viacom International, the fast-expanding cable television group.

Although the deal was agreed between the two companies on Sunday, by mid-week talk of a rival suitor for Paramount was sweeping the market. QVC, the home-shopping network run by former Hollywood and television mogul Barry Diller, was seen as the most likely bidder to emerge as a rival to Viacom. By Friday there was no hard evidence that a counter offer was imminent, but the speculation was enough to send traders and investment bankers home happy at the thought of the money that might be made from the market's first competitive multi-billion-dollar bid in more than three years.

## Patrick Harverson

Monday

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Editor

FINANCE AND THE FAMILY

# Following in George Soros' footsteps

One year on from Black Wednesday, Philip Coggan finds out what scope there is for the private investor in currency funds

**A** YEAR ago, sterling dropped out of the Exchange Rate Mechanism and its value against other European currencies dropped sharply. The international investor George Soros supposedly made a billion dollars out of the pound's fall.

So how easy is it for private investors to follow the Soros route? Nipping down to the bank to exchange your pounds for Japanese yen is obviously too expensive a way of playing the foreign exchange markets.

Currency funds are designed to give small investors the chance to diversify their assets. They need not be used purely for speculation. If you are planning to retire, or emigrate, to another country, a fund gives you the opportunity to build up savings in the currency of your new home. Given that the pound has shown a long-term tendency to decline (sterling was worth \$4.03 in 1949), it may be sensible for a UK investor to hold part of his or her assets in a foreign currency.

The drawback of currency funds is that they are invested purely in cash, or deposit instruments. Over the long run, therefore, they tend to produce poor returns compared with the alternatives of bonds and equities. For example, the average dollar-denominated fund produced a return of 55.8 per cent over the 10 years to September 1 (offer-to-offer; source Hardwick Stafford Wright); the worst performing UK equity growth unit trust returned 9.9 per cent over the same period, whilst the average was 23.8 per cent.

However, if you opt for a bond or equity-based overseas fund, you are no longer making

## Nipping to the bank is too expensive a way to play foreign exchange markets

the fact that the pound was worth around two dollars, a situation which appeared to be unsustainable, and suggesting ways that investors could profit from a dollar rebound.

Sure enough, just over one year later, the pound is worth \$1.53. The average dollar-denominated currency fund has given investors a return of 37 per cent, in sterling terms, over the year to September 1. But an investor would have done better to buy a UK equity growth unit trust, which returned an average 40.9 per cent over the period. Soros made his billion by allowing his funds to borrow to invest in the areas they favour. But that would be most unwise for a private investor.

Having established all the caveats, suppose you are convinced that you have the power to predict the movements of the foreign exchange markets and you want to back

your judgment. How do you pick your currency and how do you pick your fund?

The factors which govern exchange rate movements are highly complex, but there are three obvious long-term influences:

■ Inflation. The higher a country's inflation rate, the more its currency will tend to depreciate. Economists talk of "purchasing power parity"; the theory that tradable goods, such as Mars bars, should cost the same, after exchange rate conversion, round the world. If goods are very expensive in one country, that is a sign its currency may be overvalued.

This process can be self-perpetuating; if currencies devalue, the price of imported goods will rise, increasing inflation and putting pressure on the currency to devalue once more.

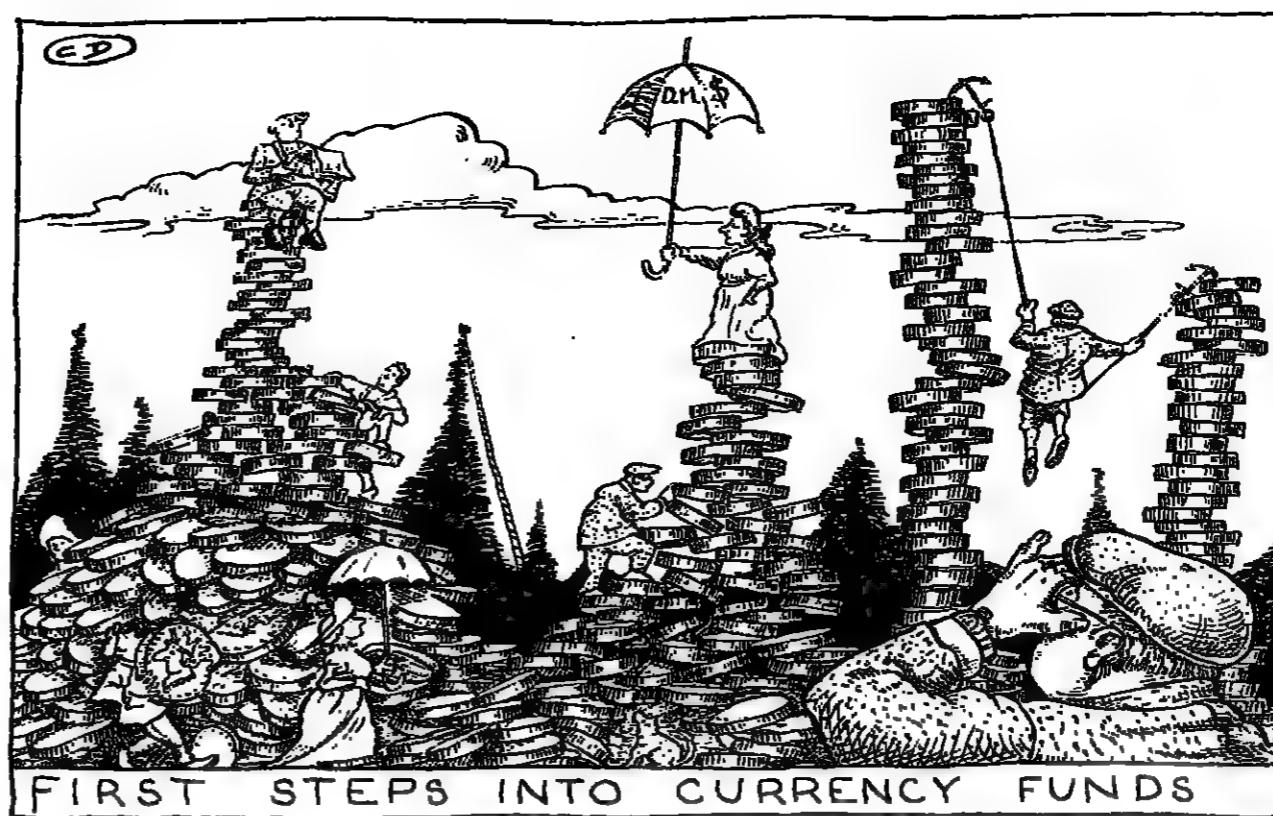
Latin America provides an obvious example of the effect of inflation on currency values;

in some countries, such as Brazil, hyperinflation is a rapidly deteriorating currency so

hand in hand. But major currencies may stay out of line with their purchasing power parity values for quite a long time.

■ Balance of payments. If a country is running a trade deficit then obviously it is paying out more for imports than it is receiving for its exports. Foreign traders will start to accumulate its currency, with which they will buy bonds or other investments. Since buyers and sellers of a currency are matched, the outflow on the current account of the balance of payments is offset by an equal inflow of capital. For this reason, a big trade deficit may be sustained for several years; but if foreign investors lose confidence in the government's ability to control inflation or its trade and budget deficits, they will withdraw their money and the currency may depreciate extremely steeply.

Alternatively, countries with balance of payments deficits may devalue their currencies, in order to make their exports cheaper and more attractive to foreign buyers. Japan, which has a large balance of payments surplus, is willing to see



FIRST STEPS INTO CURRENCY FUNDS

the yen rise (which makes its exports more expensive for foreigners). The reasoning, no doubt, is that it is better to eliminate the deficit through a strong yen than through protectionist measures on the part of the West.

■ Interest rates. If a country increases its interest rates, that increases the attraction of holding its currency. Therefore, high interest rates can be used to support a currency, as Britain used them during its membership of the Exchange Rate Mechanism between 1990 and 1992.

However, high interest rates can often indicate a weak currency, since investors need the high rate to compensate them for the expected depreciation. And investors will be happy to invest in a currency with low interest rates, if they expect the exchange rate to appreciate.

It was foolish to think, in 1990, that there was an easy way to a cheap mortgage - borrowing in a foreign currency with lower interest rates than in the UK. The pound's decline since then will have increased the sterling value of the debt.

Similarly, it would be wrong to assume that investing in a country with higher interest rates is a surefire way to achieve enhanced investment returns.

It is important to remember,

however, that all these factors which may be important to exchange rate movements in the long run may not matter in the short run. Foreign exchange traders tend to worry about the next hour rather than the next year; sentiment and chart patterns are just as likely to govern their actions as macro-economic factors.

Once you have chosen your currency, based perhaps on its inflation, balance of payments position and so on, how do you make the next step of choosing the right fund?

The first thing to realise is that currency funds are usually offshore-based and so, for those who remember Barlow Clowes, security must be an important consideration. The safest decision is to opt for

those funds which come under the "SIB recognised" heading in the Managed Funds pages of the FT. This means the Securities and Investments Board, the UK's chief financial services regulator, has accepted that regulation in the offshore centre is equivalent to that in the UK, and that the funds are run in a proper manner.

After opting for a SIB-recognised fund, you must then make two further choices. The first is between a roll-up and a distribution fund. With the former, any gains made or income received are accumulated within the unit price; UK

The tables show the top performing SIB-recognised funds over the past year in three categories: managed, US dollars and Japanese yen. Those seeking further details can find addresses and phone numbers on the Managed Funds pages in section one of today's FT.

Top SIB recognised managed funds								
Centre	Perf	Min/m	Yld	Int	Init	Ann	over	Inv't
	1 yr		%	chg	chrg	chng	%	chng
Guinness Flight GS Mgd Curr	Guernsey	51.2	£50k/£10k	4.91	5	0.75%		
Guinness Flight Acc Mgd Curr	Guernsey	50.5	£50k/£10k	4.57	5	0.75%		
ABF Grundt US\$ Mgd Acc	Jersey	43.5	\$2k	8.27	3	1.5		
Hambros EMMA 5 Managed Diet	Guernsey	42.2	£2k	4.56	4	1.0		
Capital House 5 Mgd Curr Acc	Jersey	40.4	£1k	1.76	5.5	1.25%		

\* Past quarter end

Top SIB recognised US Dollar funds								
Centre	Perf	Min/m	Yld	Int	Init	Ann	over	Inv't
	1 yr		%	chg	chrg	chng	%	chng
DB Invest Mgrs Dolarrenta	Lux	52.2	1 share*	5.3	3	0.98		
Abnvest Atlass Dolar Port	Lux	41.8	£1.5k	8.75	†	0.6		
Gottsch GSI Dolar Cash	Jersey	37.8	£2k	1.8	0.5	0.5		
Equifund-Wright US\$ Res	Lux	38.7	£2k	n/a	1.0			
Guinness Flight Acc US\$	Guernsey	38.5	£50k/£10k	2.47	n/a	0.5		

\* SIB 1 up to 7.5 per cent

Top performing SIB-recognised yen funds								
Centre	Perf	Min	Yld	Int	Init	Ann	over	Inv't
	1 yr		%	chg	chrg	chng	%	chng
Guinness Flight Acc Yen	Guernsey	81.3	£50k/£10k	2.29	n/a	0.5		
Eagle Star GAF Yen Ltd	Lux	81.3	£50k	2.5	5	0.5		
Guinness Flight Dist Yen	Guernsey	81.2	£50k/£10k	2.33	n/a	0.5		
Lloyds Int'l Yen	Guernsey	80.9	£10k	1.03	n/a	0.9		
RBC Int'l Yen Acc	Guernsey	80.8	£1.5m	1.59	n/a	1.0		



## The international PEP fund that's making its mark.

The Newton General Fund was specifically designed to offer international investment within the tax shelter of a PEP.

It was launched in 1990, and over the three years to 2nd August, it ranks first\* among all international unit trusts qualifying for PEPs.

In fact, over that period it has shown growth of 68.7%\*, a figure equivalent to over 19% per annum tax-free – which puts it among the top three\* of all PEPable unit trusts.

To take advantage of tax-free international

investment within a PEP, choose the PEP that offers you top performance.

For full details and application forms, please call Melanie Hills on Freephone 0500 550 000 at any time, return the coupon below or fax (071) 332 9033.

Remember that past performance is no guarantee of future performance. The value of investments and the income from them can go down as well as up and investors may not get back the full amount invested. The tax treatment of PEPs may change.

To: Melanie Hills, Newton Investment Management Ltd, 71 Queen Victoria Street, London EC4V 4DR. Please send me details of:

Newton PEPs and Unit Trusts;  Regular Savings Options;  Pension Fund Services;  Portfolio Management Services.

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Newton Investment Management Limited is a member of IMPO. \*Source: Mutual/Daily Telegraph PEP Guide, figures to 2nd August 1993, income reinvested after all charges.

# THE MEXICAN HORIZONS

IMPORTANT ANNOUNCEMENT TO UK INVESTORS

INVESTMENT COMPANY LIMITED

The Directors are pleased to announce that proposals have been put to shareholders to restructure the Company with a view to making it an open-ended authorised collective investment scheme investing in Mexico which is recognised in the United Kingdom.

Subject to the approval of shareholders and the relevant authorities, this will have the effect of making the Mexican Horizons Investment Company generally available as an investment open to all investors in the UK.

Mexico is one of the leading 'emerging' markets, and the increase in the net asset value of the Company's shares reflects this fact.

Period to 1.9.93	Increase in NAV in sterling terms
SINCE LAUNCH ON 3.3.91	+111.92%
TWO YEARS	+68.86%
ONE YEAR	+68.35%
SIX MONTHS	+9.80%

If you would like more information about the Company and these proposals, please call the Company's Manager, John Govett Management (IOM) Limited on 0624 629420 or return the coupon below.

Name \_\_\_\_\_  
Address \_\_\_\_\_  
Postcode \_\_\_\_\_

Post performance is not necessarily a guide to future performance and the price of shares and the income from them may go down as well as up. You may not get back the amount you invested. This announcement is issued by The Mexican Horizons Investment Company Limited and is approved by John Govett & Co. Limited, a member of IMPO. It is for information only and does not constitute an offer or recommendation to buy or sell any investment, or subscribe to any investment management or advisory service. Investment in the Company should only be made on the basis of the Prospectus and Scheme Particulars to be issued after the Company

## FINANCE AND THE FAMILY

## New medical cover

CORNHILL Insurance is moving into the private medical insurance market for the first time, in a link-up with Deutsche Krankenversicherung, the largest health insurer in Europe. It is launching a range of three policies under the name Cornhill HealthCare Options.

Option A is a comprehensive plan, covering in-patient and out-patient treatment at a wide range of hospitals. It also covers physiotherapy, chiropractic and osteopathy. Treatment for chronic and incurable illnesses is covered after a person has been continuously insured for five years. Option B provides cover of up to £12,500 a year in mid-range hospital accommodation, which can be increased if complications arise.

Option C limits cover to £10,000 a year in lower-priced accommodation, but the limit can be raised if there are complications. Unlike most low-



*Artie Adcock*  
Cornhill's new policies cover in and out-patient treatment

patient, and emergency cover up to certain limits in EC countries. Option A would cost £34.90 a month for a healthy 45-year-old; option B £27.85, and option C £29.87. The maximum age at entry is 55.

Private Patients Plan has revamped its range of medical insurance policies, introducing two low-cost schemes. The Premier and Classic plans are equivalent to existing comprehensive schemes, while Secure is a low-cost option with a six-week rule. The new options are Select and Value. Both operate a six-week rule.

Select covers out-patient treatment, psychiatric treatment, home nursing, private ambulances, medical travel insurance, and a parent accompanying a child aged under nine into hospital. There is no overall limit on claims. Value limits cover to £10,000, £20,000 where complications arise.

All the plans include £50 a night cash benefit if the customer is treated as an NHS

—  
Bethan Hutton

patient, and emergency cover up to certain limits in EC countries. Option A would cost £34.90 a month for a healthy 45-year-old; option B £27.85, and option C £29.87. The maximum age at entry is 55.

The most important consideration must be the underlying performance of the company's ordinary shares. If a company is going through a poor period and the ordinary shares have fallen in price, then their respective warrants will not perform well, irrespective of their own technical merit.

Individuals should use the usual methods of analysis when evaluating the ordinary shares, such as future company profitability, assets and the record of management.

In evaluating the warrants themselves, prospective investors will need to analyse factors including the time to expiry, gearing price volatility and the capital fulcrum point (CFP).

**The price premium**  
Owing to the potential benefits that warrants confer, they will normally (though not necessarily) command a higher price than the warrant is intrinsically worth at its conversion date. This "conversion premium" is the price one pays for buying the warrants rather

than the shares. The lower the premium, the "cheaper" the warrant.

The premium is calculated by adding the warrant prior to the exercise price, then deducting the share price, and finally dividing the share price by the share price. Investors will find that premiums vary dramatically and are one of the most important technical factors used when evaluating the worth of a warrant.

**Time to expiry**  
The longer the remaining life of a warrant, the greater the opportunity for its intrinsic value to increase as the underlying share price appreciates.

Accordingly, the premium also takes into account and incorporates what is known as "time value". This reflects the likely appreciation in price during the remainder of the warrant's life. The time value may be considerable if a warrant has several years to run, but will diminish as the time

to expiry approaches.

**Capital Fulcrum Point (CFP)**

The Capital Fulcrum Point is an indicator of the annual percentage growth of the share price required for an individual to be equally well off, in capital appreciation terms, whether he buys the warrants or the shares. A growth rate above the CFP will make the warrants a better buy; a growth rate below the CFP will be better for the shares.

If, when calculated, the CFP equals 5 per cent and the share price were actually to rise by 10 per cent per annum to the final conversion date, then investors would have been better off buying the warrants. In general, the lower the CFP, the more attractive the warrants.

An example of the above principles may help. XYZ plc's share price is currently 21.20, with an exercise price of 21.10. The warrants, priced at 40p, currently command a premium

FOLLOWING the sale this week of Life Association of Scotland to Britannia Building Society, the average investor must be wondering whether there will soon be any independent life insurance companies left in Britain.

The answer, according to industry analysis, is that yes, there will be, but there will be far fewer of them and those that remain will be the industry giants or those which specialise in niche products.

With the acquisition, Britannia, which through its branches and estate agencies has roughly 250 outlets, says that it now has the largest retail financial services operation of any UK building society.

Its so-called free-asset ratio, broadly defined as the excess of assets over liabilities, had fallen to just over 7 per cent at the end of 1991. The minimum excess set by insurance industry regulators is 4 per cent and S&P, in a recent report, noted that the very high costs of acquiring new business were placing further strains on capital.

Thus, for policyholders, news of a new parent with capital to inject should be good news. Britannia has declined to say exactly how much it is paying for LAS, but it does intend to inject some

£25m in fresh capital into the new subsidiary over the next two years.

How that money will be deployed is not yet clear. If it is used to build up LAS's unit linked businesses, the effects are likely to most help new policyholders who could reap the benefits of lower overheads.

Indeed, Britannia cited LAS's unit linked product line as one of the most attractive aspects of acquiring the insurer in the first place. Its existing operations feature so-called with profits policies which smooth investment returns to investors over time.

ING had last injected capital into the unit several years earlier in a largely unsuccessful effort to boost sales by developing a direct sales force. John Heaps, chief executive of Britannia, said much of that "cold-calling" sales force will be relocated to branch offices, cutting the cost of each additional sale.

## LAS sold to building society

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it does intend to inject some

## The Week Ahead

Shareholders in Spring Ram await Wednesday's announcement of its half-year results with a sense of foreboding. New chairman Roger Rogers is likely to have ordered a harsh scrutiny of the troubled kitchens and bathrooms group's fortunes after being brought in by institutions following three profit warnings and a share price collapse. Analysts do not know what figures to expect, but will really be seeking reassurance that there are no black holes in the accounts of the fallen stock market favourite.

Tesco, the UK's second biggest grocery retailer, is expected on Tuesday to announce a 6 per cent increase in interim profits from £26m to about £27m.

Analysts are expected to do little to improve market sentiment on Tuesday, especially as its announcement could well be followed by further pessimistic observations from Archie Norman, chief executive of Asda about saturation in the UK food market, at that group's annual meeting on Wednesday.

William Morrison Supermarkets, the supermarket chain based in the north and Scotland, is expected to lift pre-tax profits from £26.2m last time to between £26.5m and £26.7m this. The dividend is likely to be lifted from 11.5p to between 12.1p and 12.2p.

MAI, the financial services group which reports annual profits on Monday, is expected to unveil a 8 per cent increase to about £27m at pre-tax level.

Shareholders are expected to be rewarded with a 10 per cent rise in the dividend to 6.6p.

Hays, the business services group, is expected on Tuesday to report full-year profits of about £26m. Analysts had been going for up to £27m until the interim result in March, which were at the bottom of expectations.

Analysts are undecided about Thursday's half-year pre-tax results for Grahams, the bread company, and have given forecasts of between £26.5m and £26.8m, against £25.5m for the six months to June 30. A dividend of about 3.75 (3.35p) is expected.

The market will be looking for progress in the company's Spanish beer operation and will be watching the size of any currency gain.

**Norma Cohen**

### PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£m)	Earnings per share (£)	Dividends per share (£)
Amcor Trust	Food	Apr	1,600	1,400	42
Bell Data Int'l	Tele	Jun	2,210	1,150	47.5
Biffi Connect Int'l	Int'l	Jun	5,920	5,770	8.5
Blue Chip Group	CDC	Jun	228	220 L	1.8
Brigitte	Food	Jun	110,200	111,600	35.7
British & General	Insur	Jun/Jan	7,200	5,200	58.1
Brooking & Mills	Food	Jun	5,040	5,000	2.0
Brown Food	Food	May	2,080	2,010	0.5
FT Group	Food	Mar	5,200	4,650	22.7
Flamek Emerging	Int'l	Jun	382	370	1.22
Flora	Food	Jun	6,520	6,160	20.0
Freight & Chemical	Int'l	Jun	1,110	1,080	2.75
Globe	Int'l	Jun	2,200	2,180	2.4
Hawthorn	Int'l	Jun	954	930	2.5
James & Jaques	Int'l	Mar	1,540 L	1,530 L	10.2
Kingscourt Develop.Pvt.	Int'l	Jul	842	810	10.2
Logica	Int'l	Jun	6,030	6,000	8.7
Louis Nauheim	Food	Apr	17,100	16,500	1.0
Panform Internet	Int'l	Jun	202	170	0.05
Paragon Int'l	Int'l	Apr	17,300	17,000	1.75
Pearl Petroleum	Int'l	Jun	4,630	4,200	3.6
Perpetuus	Int'l	Jun	17,100	16,400	7.5
Scotia	Int'l	Jun	4,310	4,170	2.0
Second Alliance	Int'l	Jul	10,200	9,900	30.7
Shire	Int'l	Jun	4,730	4,000	0.55
Varty Group	Int'l	Jun	4,270 L	4,000 L	0.5

entitled *The Investor's Guide to Warrants*, costing £4.55. The Association of Investment Trust Companies (071-586 5347) also publishes a free factsheet guide for individuals thinking of making an investment.

I cannot stress enough the need for accurate and detailed analysis prior to making an investment into warrants. It is a volatile market in which the opportunities for spectacular capital gains are counterbalanced by the possibility of an investment falling to zero.

The "Warrants Alert" newsletter includes a constantly updated table of expensive or cheap warrants based purely on technical analysis. It is published by Andrew McFattie (0275-555 558). McFattie has also produced an introductory guide to warrants costing 25p and, for more sophisticated investors, has written a book

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### The Speculator

## Warrants: what's the risk?

**David Harris on how to assess an investment for the brave-hearted**

ables. Without the benefit of professional advice, this analysis may be beyond many ordinary investors. However, help is always at hand.

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## FINANCE AND THE FAMILY

# Everything in the garden's...locked up

*Bethan Hutton looks at the whys and hows of protecting your external assets against theft*

PEOPLE who would not dream of leaving their house unlocked quite happily leave items worth hundreds of pounds lying around uncovered every day. Somehow, when the items in question are in the garden, their potential for being stolen is overlooked.

Unfortunately, thieves are not so short-sighted. Garden statuary, fish, rare plants, furniture, lawnmowers and even gnomes are all targets.

You might assume that most of these items would be covered by your household insurance, but in most cases household insurers limit cover for objects kept outside to a few hundred pounds. For example, the Prudential has a limit of £200.

The contents of your shed or any outbuildings will normally be treated like any other house contents, if the shed is kept securely locked and in good repair. Greenhouses are impossible to keep secure — windows need to be open for ventilation, and glass can be broken — so insurers apply the same limits to greenhouse contents as to objects kept outside. Accordingly, it is better to keep tools and machinery in a locked shed. Brokers Artscope say they have seen an increasing number of claims for stolen mowers and chainsaws.

Plants are vulnerable to theft as well as storms and vandalism, but household policies will not usually cover living things. There is one specialist, stand-alone garden policy on the market: Garden Guard, from UNAT Direct, insures growing, fixed and portable objects against theft, accidental damage, most weather and vandalism. There are some exclusions, such as damage by frost and vermin. Four levels of cover are available: the maximum is £6,750, costing £12.95 a month, and the minimum £2.250, costing £4.95.

Plants can also be insured in conjunction with buildings and contents at Hiscox, the specialist high-value household insurer. Rare plants can be covered for a premium of 2.5 per cent of value, while for £50 you can get a tree extension which provides up to £7,500 to make safe or remove trees damaged by storms or vandalism.

Fish theft is a growing problem, not surprising when some koi carp can fetch thousands. Adrian Brodrick, of specialist livestock insurance consultants Brodrick & Sons, has arranged insurance for koi carp collectors at Lloyd's. A group of fish worth £3,000 was insured for an



annual premium of £150, against all perils, including death from disease, provided that the fish were properly kept. Policies of this sort have high

excesses, of about 10 per cent of the sum insured. Minimum premiums are also high, but owners can earn no-claims bonuses.

The people with most to lose from their gardens are collectors of sculpture. Demand for good examples of 17th to 19th century urns and stat-

ues is high throughout Europe and the US. Organised gangs with lorries and lifting gear make selective raids, and the haul may be transported abroad within a matter of hours. Even good reproductions can be at risk.

Obtaining insurance for art objects kept outside is difficult. The risk is so high that insurers are unwilling to cover such items alone. The only way is to add them to ordinary household contents insurance or, if you also collect indoor artworks and antiques, to a fine art policy offered by specialists such as Hiscox, Nordstern, Masterpiece and Wellington. Hiscox would charge 1 per cent of value to cover outside objects as an add-on to a household contents policy.

If you can find an insurer willing

to take on the risk, you will often be asked to improve security. A report on the theft of garden statues and ornaments, published this week by the UK branch of the International Council on Monuments and Sites (ICOMOS) and Haddonstone, manufacturer of reproduction garden statuary, found that few owners had adequate security.

"Most" owners fail to take even elementary precautions, although a range of sophisticated methods is available," says Edward Fawcett, chairman of ICOMOS UK. "The aim must be to deter thieves by early warning and giving them insufficient time to complete the theft."

He recommends measures such as securing the statue with a stainless steel dowel attached to a concrete block below ground level. Gates should be locked to prevent lorries or cranes getting close. Alarms and movement-sensitive lights can also be used.

Bob Page of Hiscox recommends keeping statues surrounded by cultivated ground rather than lawns. This makes them more difficult to remove, as lifting equipment needs a stable base, and also means thieves will leave marks which could help identify them.

However, thieves can break through almost any security system given time and determination. If an object is stolen, chances of recovery are small, but can be maximised by keeping good photographs of all the items, and marking them.

If security measures are not possible, or the statue is very valuable, one alternative is to have a replica made, or buy a similar but cheaper work, and keep the real thing somewhere more secure.

## Unit Trusts / Gartmore British Growth Three steps to success

A NEW person in charge always likes to make a fresh start. When Duncan Trinder took over the running of the Gartmore British Growth fund in June 1989, he says he stood back and asked himself what holders would want a unit trust to provide.

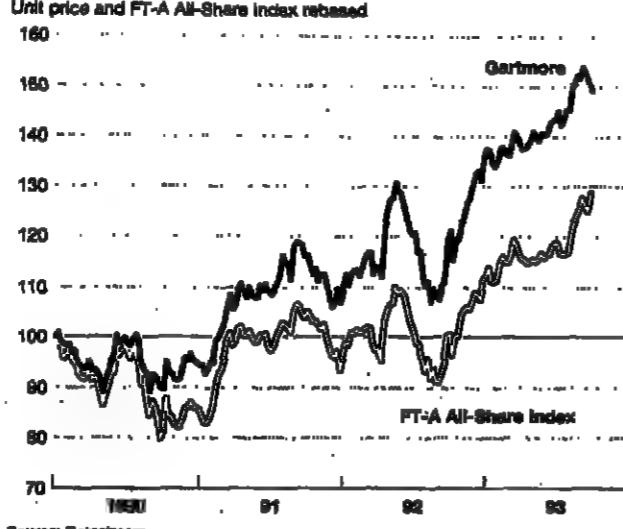
He decided there were three main factors: the ability consistently to outperform the FT-A All-Share; to provide liquidity by investing in marketable stocks; and for the manager to perform serious, in-depth research on individual shares.

"The only way of achieving all three objectives," says Trinder, "was to concentrate on a restrictive list of around 200 large companies. Choosing the right large companies can produce outperformance, large company stocks provide liquidity and a restrictive list allows you to conduct in-depth research."

Trinder says he cut the number of holdings in the fund down from 80 to 25 stocks. "Management of this trust is very much a stock-picking exercise. In no way is this an index fund." This certainly makes sense from Gartmore's point of view; it already has a low-cost trust (no initial charge, annual charge 0.6 per cent) which tracks the All-Share.

There is no magic formula to successful investment, says Trinder. But he adds: "Ever since I've been involved in the stock market, it has been sector-driven. Every industry has a cycle, which is dependent on

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bought stock, GEC shares were on a price-earnings ratio of only 7.5 per cent of market average and on a high yield. The company had conservative accounting policies, scope for margin improvement and alliances with major companies such as Siemens. The shares have risen from 185p at the time of his first purchase to around 340p today.

Apart from GEC, the rest of Trinder's top 10 stocks are: Prudential, Hanson, George Wimpey, BICC, BPB, Great Universal Stores, Cable & Wireless, Lourho and Reed International.

The list shows a greater concentration on capital goods stocks. "Capital goods companies will perform a lot better in the 1990s," he says. "Consumers worldwide will be frightened of spending the sort of money they spent in the 1980s. They will not be prepared to pay high prices and will look for value."

While unemployment remains high, Trinder feels governments will be forced to pursue Keynesian policies and spend money on infrastructure. "Even where govern-

ment is in budget deficit,

they will not cut back on capital projects," he argues. "Furthermore, low growth, low inflation and low interest rates will be conducive to capital formation." As a result, Trinder believes the margins of consumer companies will fall, while those of capital goods companies will rise.

PIBS are fixed interest paying shares issued by building societies. Income is usually paid twice a year. They offer higher yields than gifts because of their higher risk: building societies are less secure than the government and if a society collapsed, PIBS holders would be last in line to be paid back.

As their name suggests, PIBS will never be repaid and there is no guarantee that investors will get back what they paid for them. Broadly speaking, the higher the PIBS yield, the more risky the society is perceived to be by the market.

Simon Moyley of Hoare Govett, which supplied the

## Permanent Interest Bearing Shares

Stock	Coupon (gross %)	Minimum	Issue date	Issue price (pence)	PIBS	
					Price* (pence)	Yield* (gross %)
Bradford & Bingley	13.00	10,000	30/9/91	100.20	143.25	9.07
Bradford & Bingley	11.83	10,000	29/6/92	100.13	128.25	9.08
Bristol & West	13.38	1,000	11/12/91	101.79	137.00	9.78
Bristol & West	13.38	1,000	31/10/91	100.54	137.00	9.78
Britannia (1st)	13.00	1,000	13/1/92	100.42	138.75	9.37
Britannia (2nd)	13.00	1,000	8/6/92	107.13	138.75	9.37
Cheltenham & Gloucester	11.75	50,000	21/10/92	100.96	127.75	9.20
Coverity**	12.13	1,000	26/6/91	100.75	128.50	9.44
First National	11.75	10,000	4/5/93	100.25	116.50	10.08
Halifax	12.00	50,000	23/1/92	100.28	135.00	8.89
Halifax	8.75	50,000	07/8/93	100.815	100.50	8.71
Leeds Permanent	13.63	50,000	9/6/91	100.00	148.00	9.21
Leeds & Holbeck	13.38	1,000	31/3/93	100.23	138.75	9.57
Newcastle	12.63	1,000	8/6/92	100.45	136.50	8.25
Newcastle	10.75	1,000	15/6/93	100.32	116.50	9.23
North of England	12.63	1,000	23/6/92	100.14	133.50	9.48
Shipton	12.88	1,000	27/2/92	100.49	132.50	9.72

Source: Hoare Govett. \*Purchase price as at close 13 September; excludes accrued interest. \*\*Includes stamp duty payable on Coverity pbs only.

table, says that the recent issue from the Halifax is a function of the near-par price at which it was issued compared with the premium prices that exist for other

issues. The Halifax issue is denominated in 250,000 chunks, which makes it unsuitable for small investors.

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The information provided may be used for marketing purposes.

\*Source: Micropal Basic offer to bid, net income reinvested, 19.80 to 19.81. The price of units and the income from them may fall as well as rise, and you may not get back the amount invested. Past performance is not necessarily a guide to future performance. Gartmore Fund Managers Limited: A member of IMI's Luton and AATP.

Bethan Hutton

## FINANCE AND THE FAMILY

# How to provide for a sweet life of retirement

*With many new pension schemes on offer, do not take it for granted that your company provides the best option, says Debbie Harrison*

**T**HOSE OF US who are members of company pension schemes should not assume automatically that we are adequately provided for. The new breed of "money purchase" pensions includes flexible alternatives to the traditional "final salary" arrangement, and some of the schemes are much better than others.

To assess your money purchase company pension it is important to understand how the different schemes operate. Traditional final salary schemes, as the name suggests, link the value of the pension to the employee's salary at retirement. The employer's contribution is unrestricted, while employees can pay in up to 15 per cent of pensionable earnings per annum (restricted in certain cases). The maximum pension is two-thirds of final salary (also restricted in certain cases).

Death-in-service benefits of up to four times salary can be paid. Contributions are directed into a fund which is invested to meet the scheme's liabilities such as pensions in payment, lump sum death benefits and preserved pensions for early leavers.

The main point to remember about final salary schemes is that the employer bears the risk. If there is not enough money in the fund to meet liabilities, the employer is obliged to top it up. Moreover, the pension provides an ideal hedge against inflation through its link to final salary as wages tend to outstrip prices.

**A**FUND which will invest in second-hand with profits endowment policies has been launched by BZW. The structure of the fund, which will be based in Jersey but listed on the London stock exchange, is designed to help investors with their financial planning for items such as school fees.

The BZW endowment fund will have a 12-year life, but will distribute its assets to investors over the last five years of its life, during 2001-2005. These payments will be taxed as capital, not income and could be an

advantage to those who do not use their annual CGT allowance (£5,800 in 1993-94). Such an arrangement would not be possible for an investment trust.

The fund will buy second-hand endowments from market makers Beale Dibbs and Policy Portfolio at a discounted rate.

By contrast, money purchase pensions - whether on an individual or group basis - shift the financial risk to the individual. The contribution and benefit rules vary but in most cases there is no central fund. Contributions build up in individual funds and are used at retirement to purchase annuities to provide income.

Although some money purchase schemes aim to provide a pension that is expressed as a proportion of final salary, there is no guarantee. The level of pension will depend on how well the money was invested, inflation, the provider's charges and annuity rates at the time of retirement. If these factors are unfavourable, the employer is under no obligation to top up the pension.

If your employer provides a money purchase pension it is important to find out if it represents good value for money and whether it needs topping up either by increasing contributions to the main scheme or through additional voluntary contributions. These are the relevant factors to consider.

**Type of scheme**

Most money purchase schemes will fall into one of three main categories.

Contracted out

Money purchase schemes (comps) are similar to comps but employees remain in Serps and the scheme provides benefits on top of the state earnings related pension.

Younger employees can join a comp and contract out of Serps on an individual basis using an "appropriate" personal pension to receive the NI rebate.

Group personal pensions (GPPs) are not occupational schemes but are simply a series of individual personal pension plans which can be used to contract out of Serps and to invest additional regular or single premiums to boost the pension provided by the NI rebate.

The rebate for personal

pensions is marginally higher for employees over 30 compared with the rebate available under a comp.

The combined employee and employer contribution must not exceed 17.5 per cent of earnings (more for older employees but there are restrictions for high earners).

The retirement income provided by the personal pension is not linked to final salary.

Death in service benefits are not compulsory, although the personal pension itself may provide a return of contributions plus interest. Extra

life assurance can be taken out to increase this benefit.

**Contribution level**

This is where you start to separate the wheat from the chaff.

Money purchase schemes can



Traditional pensions are making way for new 'money purchase' schemes

match or even exceed final salary pensions provided enough contributions are paid. Unfortunately, these arrangements have earned a reputation for giving employers a cheap alter-

native to final salary schemes and in some cases the combined employer/employee contribution is too low to provide an adequate pension.

Actuaries at Godwins, the employee benefits consultants, provided the following approximate guide to the total combined contributions needed to match a typical final salary scheme. Between the ages of 21-34, total contributions should be 7 per cent; ages 35-44 9 per cent; ages 45-51 11 per cent; ages 55-63 15 per cent.

The "typical" final salary for

this purpose is one where the pension builds up at a rate of one sixtieth of final salary for each year of service, allows for 5 per cent annual increases to the pension and provides a spouse's pension of 50 per cent.

Death in service benefits would vary according to the type of scheme but as a rule of thumb, in order to achieve a benefit of three to four times salary you should add 1 per cent to 15 per cent to the above figures.

Clive Grimley, senior manager at consultants Gossings, said: "Contribution-matching in money purchase schemes is a valuable feature. The scheme basis might, for example, require a contribution of 5 per cent from both employer and employee. On top of this some employers agree to match any further contribution the employee makes up to an agreed limit."

**Provider**

The money purchase pensions market is dominated by the life offices, although several unit trust groups also offer arrange-

ments. Your employer should have taken expert independent advice and conducted an analysis of different providers' financial strength, the management and commission charges, administration facilities and investment record.

Employers advised by a salesperson or tied agent would have received details of only one provider.

**Investment options**

It is important to check that the right funds are available. Experts generally agree that a fairly high proportion of equity investment is sensible during the early part of an employee's career (75 per cent or more depending on age), but that it is essential to have a phased switching facility to move funds into cash and bonds in the run-up to retirement. This protects the fund against a stock market crash during these crucial years.

**The charges**

The scheme provider's charges may have a direct impact on the investment return and flexibility of your pension scheme. Where a standard life office package is used there are likely to be high commission costs to the salesperson or adviser and a complex series of management and investment charges. Many advisers are prepared to rebate part or all of the commission in return for a fee. A good adviser will establish the most cost-effective contribution method.

**Flexibility**

Flexibility has been put forward as one of the main attractions of money purchase pension contracts. Ideally your contract should have been established on a non-commission basis. Alternatively, contributions should be paid on a recurring single premium basis, as the upfront charges are modest and there are no early termination charges.

There are no hard and fast rules on the merits of comp versus group personal pensions. Personal pensions can be used to secure a very high level of benefits for senior executives but they are also sold to employers who want the cheapest and simplest structure available.

Barry Johnson, senior executive director at Godwins, said: "In practice a comp scheme tends to be more generous and more cost-effective to the average employee than a group personal pension."

"This is because under a comp the employer is likely to bear the administration charges and the cost of life assurance and will probably pay in a more generous contribution. Moreover, with a comp the employer is not restricted to using a life office administration and investment package with its associated higher and more complex charging structure."

## Endowment fund launch

Although bonuses on such policies are expected to be cut again, BZW believes the fund can return 10.1 per cent per year to investors.

This expectation is based on the assumption of a one-off 10 per cent cut in bonuses and no growth in bonus rates thereafter.

BZW is attempting to raise £20m by offering shares at 10p each. The shares will be payable in two instalments of 50p, with the second instalment due in April 1994. The partly paid structure will help the fund time its purchases of second-hand endowment policies in what is a relatively illiquid market.

Income-seeking investors should note that the fund will pay no dividends. The annual management charge will be 0.5 per cent and the costs of issue around 3.5 per cent.

**Philip Coggan**

## BES to help the homeless

**I**N ITS last few months, the Business Expansion Scheme seems to have been entirely devoted to the welfare of Oxfordshire undergraduates.

One new issue this week seems to be a more logical use of such a generous tax break from the Government. House of the Homeless is supported by the charity, the Peabody trust. It will be the last issue backed by the Peabody (the BES will be abolished at the end of this year) and hopes to raise £21m to buy properties in the boroughs of Haringey, Greenwich, Hackney and Hammersmith & Fulham.

The Peabody has agreed to buy back the properties in five years time at a price which will bring investors 12.5p per share, which it claims is the highest currently available return. The annual return to 40 per cent taxpayers will be 14.8 per cent, and for basic rate taxpayers, 10.5 per cent.

Although the deal is not cash-backed and lacks a bank guarantee, Peabody has some £233m of assets. House of the Homeless is sponsored by the London-based Downing Corporate Finance. The minimum investment is £1,000.

The Netherhall Residences scheme is sponsored by brokers James Capel and is guaranteed by Midland Bank, which, like Capel, is owned by the Hong Kong and Shanghai Bank. The £5m scheme will buy properties for occupation by students of the Netherhall Educational Association, a registered charity.

Interim results for the ceramics company were announced on September 6 and showed pre-tax profits up more than 25 per cent.

Two directors, sold a total of 240,000 shares at 71p. Lord Gregson is left with a holding of only 50,000, but Michael Fay retains over 150,000.

Buying has continued in Transfer Technology. In July this year five directors bought shares at a price around 512p.

This month Richard Birmingham, the non-executive deputy chairman, bought 26,000 shares at 480p, more than doubling his holding.

**Colin Rogers,**

**The Inside Track**

company aims to achieve 21.40 per share for investors by the target date.

Blenheim, which will manage the properties, will receive a fee of 1.95 per cent of the funds raised per company, plus

**Philip Coggan on the latest offers under the Business Expansion Scheme**

the prospectus, have achieved a gross rental yield of 12 per cent across a portfolio of 185 residential properties. Unlike most of the other current BES issues, there is no guaranteed price; on the other hand, there is no upper limit on the growth. The

prospects, have achieved a gross rental yield of 12 per cent across a portfolio of 185 residential properties. Unlike most of the other current BES issues, there is no guaranteed price; on the other hand, there is no upper limit on the growth. The

above £1.40, the managers will receive A shares entitling them to 35 per cent of the rise in the value of the company above that level.

The minimum investment is £2,000 and a maximum of £10m is on offer. Shares are available at 88p until October 5 and 100p thereafter.

Johnson Fry is also launching the Eleventh Johnson Fry Super Growth Scheme to raise money for King's College London. The buy-back price is 125p; those who invest before September 27 will pay 99p per share, equivalent to a return for top rate taxpayers of 14.77 per cent per annum. The offer is not cash-backed but the property assets of King's are insured for £332m.

## Directors' transactions

### DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No. of directors
ACAL	Env.	40,000	98	1
ASW Holdings	Med.	50,000	105	1
Brammer	EngG	15,000	43	1
Brandon Hire	C&G	100,000	49	1
British Land (London)	Prop.	150,000	213	2
Cater Allens (Pref)	OffH	7,500	47	1
Compass Group	H&L	31,248	183	1
Fairley Group	Env	240,000	1,704	2
Grimpian TV	Med	4,400	11	1
Hanson (ADRI)	Cong	10,000	810	1
Isotron	H&L	42,000	116	4
Marks & Spencer	Stor	20,000	77	1
Provident Financial	OffH	64,000	278	1
Rathbone Bros	OffH	319,808	1,052	5
Reed & Colman	H&L	7,200	45	2
Sanderson Electricals	Env	24,000	82	1
Seacor Group	Tran	30,000	51	1
Sarco	BusE	140,000	1,568	5
T & N	Mot	225,247	457	3*
Telemetrics	Env	10,000	18	1
Vickers	EngG	18,209	29	1
Victronic	EngG	10,000	30	1
Warren Howard	BusE	3,000	10	1

PURCHASES  
Hampshire Industries ... EngG 130,000 51 1  
Hardy Oil & Gas ... O&G 18,000 30 1  
Sage ... Env 7,500 30 1  
Sun Alliance ... IncE 10,000 37 1  
Transfer Technology ... EngG 26,000 127 1  
Workington Group ... Text 100,000 55 2

Values expressed in 2000s. Companies must notify the Stock Exchange within 5 working days of a share transaction at a director. This table does not include all transactions, including the exercise of options (\*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 6-10 September 1993.

Source: Directus Ltd, The Inside Track, Edinburgh

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## MINDING YOUR OWN BUSINESS

**I**N MANY bars and night clubs in the far east almost every other bottle of spirits sold is a counterfeit, according to international investigator Wayne Grant.

"The usual trick is to supply the first bottle of the correct spirits – usually a brand of cognac. Then when the clients have had plenty to drink and they order another the bartenders substitute a bottle of cheap brandy made in Cyprus, Spain or elsewhere in a bottle expertly disguised as the real thing," said Grant.

Grant International tracks down the counterfeiter and supplies the appropriate law enforcement agency with enough information to apprehend them.

It is a highly specialised – and often dangerous – task, but one to which Grant, a 6ft 2ins 19-stone former Thames Valley Police detective – is well suited.

"When I entered the force as a 19 year-old 29 years ago I had absolutely no idea that I would end up controlling a company with a turnover of £1.8m and a staff of 85," Grant said.

"In many ways I still do not regard myself as a particularly

good businessman. It just so happened that I was fascinated with the process of investigation, and when I was offered the chance to come out of the force at the age of 31 and join an international cigarette company as a security specialist it was an offer I couldn't refuse."

"After that it was a matter of luck and the fact that to do my job well I had to build up a bank of information that has subsequently proved valuable to many major manufacturers of the world's fastest moving commodities." That information has been the key to the Grant success story.

Grant stayed with Rotimans for four years. During that time he decided to form his own specialised international investigation agency.

In 1980 Grant used half his £23,000 severance pay to travel to the US and sign two cigarette companies as his first clients. Grant International now has more than 60 clients in various industries who

pay retainers ranging from £12,000 to £70,000 a year.

In that first year Grant calculates that he travelled round the world 20 times, while his wife Carole dealt with the administration from the family home in Bicester.

Turnover in the first year was £187,000, of which more than half was profit. It was achieved not only through negotiating retainers but also through much directed (specific) investigations work.

It was a good beginning – and gave Grant a cash base on which to build the company.

"The main problem in that year was keeping up with my sleep, and explaining to my bank, in what was then a small country town, why I had such a huge appetite for cash," Grant said. Even in those days, one week's travel budget could total as much as £10,000.

As most of the international companies he was trading with paid on a 60 day basis Grant International had cash flow problems in the early

years. "Once the bank realised just exactly what I was doing it as good as gold," Grant said. "Unlike many small businessmen I can honestly say I have experienced nothing but help from my bank, Lloyds."

Turnover roughly doubled in each of the first 10 years, but

**Clive Fewins talks to an international private investigator**

growth has tailed off slightly since 1988.

"For the past four years we have added roughly £100,000 to our turnover each year, which our accountant says is very satisfactory," said Grant. "Our profit before tax in our last trading year was £550,000 on a turnover of £1.8m."

Grant said the slowdown is not due to the recession, but because in

some sectors he has reached saturation point.

It is possible to expand however by undertaking more directed work for individual clients. This is because counterfeiting is a growth industry, particularly since the opening up of the former the USSR.

Grant International works for all the 22 largest liquor producers in the world and for most of the large cigarette manufacturers.

The biggest decision each year is which industries to enter to expand the Grant operation. This year the new industry was food. There was also an expansion of work for manufacturers of crystal jewellery.

In both industries the growing problem is not so much one of counterfeiting as one of the "grey market," otherwise known as parallel trading. Many large producers export the same goods at different prices to different countries. But this means that local traders can, often quite legally, divert the goods and make a profit. "For many years

this has been a big problem with industries such as tobacco, drinks and confectionery, all of which depend on a high volume and comparatively low price products."

Grant's task for Grant International therefore is to pinpoint the "culprits" and advise client companies of ways of overcoming the leakage.

Grant has paid employees and contract staff in some 30 countries who act, chiefly, as intelligence gatherers.

"A very high proportion of the work is the stuff of which day-to-day detective work is made from: hard, intelligent, day-to-day grind, with the spark and the inspiration to know when to act on a hunch," Grant said. "Six of our 15 headquarters staff in Bicester and a good proportion of our overseas employees are former police. There is nothing quite like a police training in this sort of work."

Grant has been present at a dozen or so big raids, but many of

his staff never see such drama. Their lives are spent on the end of a phone or at a computer screen, talking to and paying local contacts and analysing data such as export statistics, a surprising amount of which is public information – if you know where to find it.

Nevertheless there can be risks. Two years ago two of his investigators were killed and a third seriously injured in Mexico when a lorry drove into their car on a mountain road. They were investigating a swindle involving the resale of cheap white rum.

Grant's nightmare is the unsuccessful raid. "The worst thing I can imagine is spending tens of thousands of pounds of clients' money, involving the local police and customs authorities, only to go in and find it's the genuine stuff," he said.

"But I would be very surprised if it happened. We proudly proclaim that we have bought a successful outcome to every enquiry bought to us. But we could be set up. It is a good reason for remaining on our toes..."

■ International, 85-87 Churchill Road, Bicester, Oxon, OX6 7UR Tel: 089-245215.

# On the track of crooked dealers



The artist at work: Martin Homer in his pottery workshop

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FINANCIAL TIMES WEEKEND SEPTEMBER 18/SEPTEMBER 19 1993

WEEKEND FT IX

PERSPECTIVES

# Only a short wait now for the big cheque

**Leonard Barden and David Spanier analyse the manoeuvres on and off the board at the world championships**

**B**OOKMAKERS have stopped quoting odds on Gary Kasparov's victory in the world chess championship, and an international guess-their-moves competition has been abandoned because of lack of interest. Kasparov leads Nigel Short 4-1 before today's sixth game at London's Savoy Theatre, and watching grandmasters are worried that the match will be finished far quicker than its scheduled 24 games spread over a leisurely eight weeks.

Short has lacked confidence when the game reaches its crisis, usually in the fourth hour of play when the time limit approaches. In game one, he lost on time in a good position; in game three, he missed two easy draws; in game four, he caught Kasparov with a prepared opening but failed to create a decisive attack and lost. Only in Thursday's fifth game, where his homework put him an hour ahead on the clock and obliged the champion to concede an 18-move draw as White, was there a glimmer of hope.

Kasparov is confident, even patronising at the post-game press conferences which Short never attends after a defeat. Kasparov claims that the Briton has big psychological problems and lacks the experience for a world championship. This is from a man aged 30 talking about a rival aged 28.

The Times has put up a prize fund of £1.7m, the largest ever purse for British sport outside boxing. Costs of administration and a publicity campaign are estimated at between £1m and £5m. At first the newspaper expected to recoup much of its outlay through sales of tickets at between £45 and £150. A full house for every game in the 1,000-seat Savoy Theatre would have raised £2m. But two months before the match, sales figures were disastrous in spite of campaigns on LBC radio - "It's war on 7 September" - and on London buses - "Only room for one on top".

The minimum seat price was reduced to £20, and there were special £10 offers to readers of the *News of the World* "the newspaper most read by chessplayers" and *The Sun*. Prices could fall again if Short keeps losing. Audiences for the first four games were between 500 and 800, but fell to about 300 on Thursday. The last title match in New York in 1990 seat prices were £50 at the start, yet near the end tickets

were given away to schoolchildren. Channel 4 bought the television rights and is screening two hours a day. BBC2 is devoting only half an hour with no live pictures or Kasparov interviews, but has better graphics and less frenetic commentaries than C4's soccer-style approach. Both channels attracted encouraging audiences of nearly 1m for their early programmes, but Kasparov's current pace would crush Short and reach a winning score of 12½ points after only 16 or 18 games. Normal championship matches stop when one player reaches a winning score, but *The Times* has said all 24 games will be played.

Nicholas Chessworth, of the event organisers CPMA who took over marketing the match in July, is considering a switch to rapid chess, at one hour for all the moves, to maintain interest.

In 1921 Lasker conceded a best of eight win match to Capablanca when the score was 0-4 and Robert Huebner, one of Short's aides, twice withdrew from candidate matches.

But at 360 a move and with a contract to honour, Short would have to be broken by continued defeats to take such a course, and as of this weekend he looks resilient.

Jan Timman trails Anatoly Karpov 2½-3½ at the rival Fide championship in the Netherlands, which has attracted audiences of nearly 1,000, even though both contestants were earlier defeated by Short. All the 290,000 prize money for Timman and Karpov is being provided by the Sultan of Oman. Oman will stage the second half of the match when, it is said, only the grandmasters and the royal family will be allowed into the playing hall.

Money is always a problem in chess. Most professionals only scrape a living. It is a perennial struggle to conjure up commercial support for chess in Britain. Many British players play for French, Belgian or Dutch clubs at weekends.

This year a UK club league has begun, but it has only six teams and has yet to prove its viability.

In contrast, Kasparov has earned \$2.8m in his career, from tournaments, matches and simultaneous exhibitions against amateurs where his normal fee is £20,000. Short has so far won £150,000 from world championship qualifiers, and however badly he is crushed at the Savoy, will pick up £637,500 as loser.

Two world championships and



two rival organisations in chess have caused dissension among the top players. Short and Kasparov broke with Fide, the governing body of world chess, after it awarded the match to Manchester's £1.2m bid. Short claimed he was not consulted. Kasparov, who had long disliked Fide and its president, Florencio Campomanes, jumped at the chance to create the Professional Chess Association after the two players had turned down an increased Manchester offer.

Along with the PCA, a new name has come to the fore in international chess: Bob Rice, a New York tax lawyer, opened a small chess club in Wall Street and found a

shoal of investment brokers and bankers keen to play. One of his legal clients was Kasparov, so Rice, a relaxed and entertaining man, emerged as Commissioner of the PCA, registered in Delaware like the tennis and golf professional groups on which it is modelled.

Rice says the PCA is not a rival to Fide. "We are a professional organisation to help chess players," he says. "Fide will continue to do what it always has, for amateur players around the world."

Others view it differently. John Nunn, the respected UK grandmaster, fears that the PCA will fail and that hardliners in Fide will then overturn reforms which have

allowed players to become more involved. Nunn believes that Kasparov lacks business sense; he says the champion promised, but failed to deliver, US and Japanese sponsors.

A critical test for the PCA is its Groningen qualifier in December for its 1995 title match. Many grandmasters will enter, though there will also be significant absences.

The prize fund is £150,000, but no sponsor has been announced. Some in the chess world believe that *The Times* has an exclusive agreement with the PCA until the end of the London match, and that the Groningen sponsor will then be revealed as Intel, the microprocessor maker.

Back at the Savoy, Short needs to

avoid a wipeout, stabilise the score with a series of draws, then dig into his reserves of courage. The hype and controversy has been more of a strain for him than for the shillent Kasparov, and the chess schism has made some of his old friends among players unwilling to help him.

Many believe that he would have put up a better fight, and safeguarded his chess future, if he had accepted Manchester's offer. The jury is also out on whether Kasparov v Short will stimulate British chess by attracting players or will damage it by discouraging sponsors who see only huge costs and uncertain returns. Perhaps this controversial match will do both.

combat the latter, Zimbabwe has been advertising its dehorning programme on Zambian television - it is believed that the poachers come from Zambia, though some have hinted that the worst culprits are much closer to the Zimbabwe parks.

Studies are in progress in Namibia and Zimbabwe to determine the long-term effect on the rhino's behaviour of having its horn removed. Euan Anderson believes that the rhino is not greatly affected. Even in self defence, as he says, if a three-ton beast charges towards impact at full speed, it does not much matter whether it has a horn or not.

More than one of the officers involved in the rescue observed that "Civiles would pay a fortune to do this". Indeed, I felt privileged to be there to see the magnificent animals sleeping, touch their skin that feels like slightly spongy granite and stroke their ears, which on black rhinos are fringed with long silky black hairs.

Zimbabwe had, in fact, investigated the possibility of selling "rhino hunting", particularly to the US. The idea was that for around \$30,000 a hunter would be given the facilities to track and dart a rhino, leaving the vets to do the rest, and take home the horn as a souvenir.

However, the proposal met with outcry and resistance in the US. Another idea that the vets approve of is to flood the market with the huge stockpile of legally-removed rhino horns, force down the market price and thus make poaching unviable. They stipulate, however, that the revenues should be ploughed back into rhino conservation.

Bushmen and vets in Zimbabwe are passionate in their commitment in saving the rhino from extinction. While Mark Atkinson was busy with the chainsaw, a vet from the US whispered: "Your gardeners in England earn more than he does."

Earlier, on a walking safari deep in the bush of Hwange National Park, I was nervously quizzing my armed guide about the procedure should an animal charge (do not shoot until it is 10 feet away and approaching). And what if your party of tourists should be charged by a rhino? I asked. He shrugged.

## Fishing Okay, I'm hooked

I SEE that British television coverage of the world chess championship is to extend to 75 hours, which is doubtless pleasing to the country's small band of chess enthusiasts. For the rest, I suspect that the spectacle of two immensely brainy men thinking, and assorted lesser brainboxes trying to divine what they are thinking about, may pall.

It set me pondering on television's scurvy treatment of Britain's most popular participatory sport, fishing. I fear this reflects a general prejudice, an absurd picture of a man sitting under a green umbrella staring under the rain at a motionless float.

In addition, I suspect that few anglers are to be found in the councils of the programme commissioners. But whatever the bias at work, I doubt if the total of hours given to the sport since television was invented would match the time devoted to Kasparov's heavy menace and Short's pink gums and pearly spectacles.

There are also obvious factors inhibiting fishing from taking the place of, say, darts. For long periods not much happens, and when it does, excitement lies more in the heart of the fisherman than in the event itself. The very presence of heavy-footed cameramen waving

'The fish opened his rubbery lips to engulf the floating dog biscuit'

their lenses puts fish to flight.

But there are honourable exceptions. Many years ago the BBC screened a first-rate series called *An Angler's Corner*, in which the incomparable Bernard Venables chewed his pipe and paraded his wisdom. Jack Hargreaves made many decent, unpretentious films for Southern TV. More recently, Jack Charlton and John Wilson have made series which - whatever one's reservations about the antics of the chief performers - have at least given an idea of what fishing is like.

None of these, however, has remotely approached the series running on BBC 2 on Sunday evenings, *A Passion For Angling*. In terms of beauty, excitement, truth and eloquence, these programmes - I write after seeing the first two - stand alone.

What Hugo Miles, the man who made them, has done is to recruit two of Britain's finest fishermen, Chris Yates and Bob James, and allow them to follow their noses - while he follows, camera in hand. Yates and James are not in the mould of the normal personality. Yates is the best writer on fishing in the land, and James is his chum. Together, they have evolved their own philosophy of fishing.

Now, there are weaknesses in all this when shaped to television's demands. As you sit beside a reed-fringed lake watching the sun begin to sink away the dawn mist, your mind is liable to be suffused with sub-Wordsworthian images. Putting those reflections into words which are neither syrupy nor pretentious is tricky; and having them narrated by Bernard Cribbins is sometimes a risk too far.

The music - all sighing strings and mellow woodwind - reinforces this slightly precious atmosphere of the waterside idyll, established in the first place by the glories of Hugh Miles' camerawork. Nor, in the first programme, was I entranced by the starring role given to the lad, Pete, complete with his bamboo rod and string, and squashed tweed hat.

But these are minor cavils, compared with the marvels. The second programme in particular - on carp-fishing at Redmire Pool, home of monster carp - was tremendous. Here, our heroes shed their self-consciousness as they contemplated the stately monsters of this fabled water. The moment at which Yates' second big fish opened his rubbery lips to engulf the floating dog biscuit was unbearably thrilling. And my children were transfixed by the climax, at which the intrepid duo leaped from the upper branches of a tree up to their waists in mud and water to do battle with another levitation.

Of course, these programmes do not tell anything like the whole truth. The boredom, the occasional wretchedness, the rages, the heartbreaks are either absent, or sentimentalised. But what television can do, at its best, is to give an authentic, intense taste of a reality, and that is what these programmes do.

The best test is whether they make a fisherman want to fish. Within an hour of watching perfect Pete catch his 9lb barbel on the Hampshire Avon, I was seated beside my own favourite barbel swim on the Kennet. I was madened by midges, missed a succession of good bites, and in the end caught - not a barbel - but a 4lb tench. That is real fishing.

Tom Fort

## How we saved the rhino with rifle and chainsaw

*Elizabeth Robinson watches a desperate attempt to beat the poachers*

heave the captured rhino into a crate for transportation to a safer area.

With no dedicated rhino unit in Zimbabwe, the conservationists are desperate for any help they can get. The British Army's Mozambique Training Team, based in the east of the country, has been lending radios, trucks and muscle to Zimbabwe's effort. They helped to move seven rhinos at Lake Kyle which had been stranded when the rains came, and took part in a three-week operation to dehorn about 60 animals in the Bushey Park area.

Under Lt Col Robert Martin, officers and senior NCOs from BMATT (British Military Advisory and Training Team) joined the veterinarian team and trackers at a private game lodge about three hours south of Harare. The vets particularly wanted help in dehorning and moving the white rhinos, which are more susceptible to stress than black ones.

Rhino hunting in Zimbabwe has found new impetus. But take heart - these are hunts to save the lives of a vanishing species, performed by vets using sleep-inducing darts, not the AKs of the poachers. Poaching has wiped out all but - at an optimistic estimate - 500 of Zimbabwe's rhinos; four years ago there were more than 2,000.

The hunter's aim in both cases is the same: to remove the rhino's horn. A successful poacher will get less than £100 for the horn, which is then sold for as much as £20,000 (£13,000) in the Far East where it is thought to enhance sexual potency, or to Yemen to be made into highly prized dagger handles. A successful vet will hope that the dehorned rhino has been given a stay of execution.

Zimbabwe has been dehorning its rhino population for a year, following the example of Namibia. Mark Atkinson, a vet for Zimbabwe's National Parks working almost exclusively on the dehorning programme, believes about 60 per cent of Zimbabwe's rhino population has been dehorned.

He stresses that the programme is not a long-term solution to save the rhino, but prefers to call it "crisis management". In other words, the vets are trying to give the rhinos a respite from poachers so that the species can build its numbers up to a comfortable level. By dehorning the few left, the species may survive.

If costs between \$500 and \$1,000 to dehorn one rhino, it can also take several days to track one animal, and a dozen or more burly men to



take up positions around the animal to push it into a crate, while as many again were at the back of the truck ready to heave on the rope and pull the rhino.

Rather than shift two to three tons of deadweight, the animal was revived with a sleeping drug anti-dote and water was poured into its ear to wake it. As soon as it started moving, the heaving and pushing began until the door of the crate was closed on a very irate and confused beast.

The crate was then winched on to

the truck and the rhinos driven to a secret location where they are released into a corral and monitored before being taken to a safe area.

There are so few rhinos left that the vets keep detailed identification details of each one they catch. As well as nicks cut out of their ears, age, condition and distinguishing marks being noted, "mug shots" are taken.

Seven rhinos were dehorned at weekend - one calf, at four to six months old, had no horn to speak

of.

Euan Anderson, a Zimbabwean vet, believes that since the dehorning programme started in Zimbabwe, four to five dehorned rhinos have been killed by poachers. This may be because when poachers have spent several days following rhino spoor they may kill the animal to cut off its ears as proof to their paymasters, or it may simply be that the poachers were not aware until after the shooting that the rhino they had been following was carrying nothing of value. To

make a fisherman want to fish. Within an hour of watching perfect Pete catch his 9lb barbel on the Hampshire Avon, I was seated beside my own favourite barbel swim on the Kennet. I was madened by midges, missed a succession of good bites, and in the end caught - not a barbel - but a 4lb tench. That is real fishing.

Tom Fort

## HOW TO SPEND IT



Working environment: when doing business from home it pays to construct a professional office as possible (shown above is part of the Nomos range) and to stick to regular office hours

## From boardroom to the bedroom

**A**LTHOUGH many people dream of working from home, few seem to be very good at it when they get the chance. Some, after years of institutionalised corporate life, find it difficult to adjust to a self-imposed regime. Others discover that they are easily waylaid by domestic distractions.

However, advances in technology and more elastic attitudes towards work are making working from home, and its fashionable sibling, "flexible" working, increasingly feasible and attractive options. With a little planning, judicious investment and some imagination, running your office from your house can significantly improve your life-style. Here are a few tips.

First, stick to regular office hours. An acquaintance of mine, having left the City of London to begin his own consultancy, kept to his previous routine with military precision: he rose, bathed, dealt with his correspondence and calls at the same time as before; he even dressed in his business suit for a while.

This helped him make a successful transition from one way of working to another. It is also a good idea to have your office as far away as possible from the diversions of home life: in a distant bedroom, attic, basement or, as in the case of a certain romantically-minded writer, in a straw-berry gothic summerhouse.

Then you will want to construct an office. You will obviously need some sort of desk, perhaps put together from components. The Nomos Collection by Tecno is probably the most flexible and stylish of this kind.

Designed by Sir Norman Foster, it uses a simple tubular system to construct a variety of surfaces ranging from the

simpliest table to workstations that can accommodate complicated filing, sophisticated lighting and complex electronic equipment with its attendant wiring and cabling.

The structures are free-standing and can be easily enlarged or modified. Nomos is available in a choice of finishes including glass, laminate and wood, and therefore manages to suit both traditional and modern interiors. Prices start at £2,700.

Technology, although the sine qua non of the home office, remains a stumbling block for many. A bewildering array of products, often with overlapping functions, can make choosing the right equipment confusing and unnecessarily costly.

The first investment is a good computer: one that will not only fulfil your current needs, but that also has the

ability to work with other computers, remainders will be honoured. Purchase by credit card can give useful protection against non-delivery.

Increasingly sophisticated telecommunications are also greatly helping those working

**Want to work from home? John Morgan advises on how to set up the perfect in-house office**

capacity to accommodate your business future expectations. Whether you choose an Apple Macintosh or an IBM compatible system is now largely a matter of preference, as both systems now share similar features.

Apple was designed as a totally integrated graphical system and is thus ideal for those whose work has a strong visual element such as designers, journalists and even estate agents. It is very user friendly, elegantly designed and includes itself in its loyal following.

Apple's Performa range is for the beginner and has been designed to be simple to use. It is available in three models, the most advanced being the Performa 600CD, £2199, which

and is backed by the company's excellent support service. It comes pre-loaded with business software such as Microsoft Office which has all the basic functions such as data base, spread-sheet and word-processing.

IBM itself offers several grades of computer ranging from the IBM PS/1, which is aimed at the first time PC buyer. It is easy to use, set up, and includes all the basics. But most business users will want at least the PS/3 which has the new fast technology and also boasts a sophisticated data base and multi-media capabilities.

A glance at one of the computer magazines will show a wide variety of machines on offer with similar performance,

from home. Both BT and Mercury now operate voice messaging systems. Ideal for those who travel a great deal, these enable recorded messages to be sent from and received through a central "mailbox".

The system records more and longer (up to five minutes) messages than the conventional answering machine and will store them for up to a month. There is also Email (electronic mail) that allows text messages on a PC to be sent, via a modem, to another.

The answering machine, long the freelancer's best friend, has also greatly improved. The Panasonic KX-T2050BE, £659 plus VAT, is one of the best available: it answers calls, records voice

messages and sends and receives faxes. It requires only one line and switches automatically between fax and telephone. It has a memory and polling function that allows you to check-in for messages on compatible faxes.

BT has the new DF200, a fax, telephone and answering machine that uses new digital technology rather than the usual tape. It is very small (slightly bigger than A4), has ten minutes answering time.

You will also need your own photocopier. Xerox has just launched the S310, an easy-to-use, compact copier designed for the home worker. It costs £1600 and can cope with up to 1,500 copies a month, will reduce and enlarge images between 70 per cent and 124 per cent, and, thanks to a special bypass system, copies on to different sizes of paper.

Canon offers a wide choice of good machines ranging from its new Mini Copier FC330, £798 plus VAT, which is very small, portable and suitable for low volume work to its all-singing, all-dancing big brother, the CLC10 colour copier, for £3,450. It produces excellent quality copies thanks to Canon's "bubble jet" technology and therefore is ideal for those who need to produce high-quality colour documents.

If your answering machine does not include a faxing option, a separate fax machine is vital. Canon has the R300 for £900, a new plain-paper fax which produces documents on real paper rather than the usual flimsy, teablevel thermal variety. Its sharp resolution makes it ideal for faxing photographs and a 24-hour transmission function allows you to send documents at pre-set times, thus making the most of international time zones and cost-effective telephone rates.

Amstrad has recently launched the PS8000 fax. Formerly known as "The Personal Secretary", it sends and receives faxes, copies documents and records telephone messages. It will also forward messages to you and record the time they were received.

And finally, your very own super secretary - the brand-new Psion Series 3a hand-held computer, £229.95. Although small enough to fit in your pocket it has a remarkably large screen and software of a sophistication and scale normally found on desk-top computers.

Add an excellent lighting system, a well-designed chair such as a Charles Eames design from the 1950s, from £700, and a terrific hi-fi system for a little music therapy and the totally efficient and life-enhancing home office is yours.

## Bright ideas for lighting

I HAVE seen some hideous light fittings in other people's houses and I have installed (or more accurately hammered in) some pretty terrible fixtures in my own home. In fact, three inherited 1970s style track-mounted spotlights are aimed at my head as I write - so ghastly is the sight that I am paralysed into inaction.

Very few people get lighting right. Many simply do not bother and use the pendants granny left them, while others fill their ceilings and walls with the latest fiddly systems from pretentious designers with hairdresser names.

There is a way out of the darkness, but finding it is difficult. This is because the business of lighting is, it seems, three parts technical, five parts fashion and two parts nonsense. Making mistakes is not only terrifyingly expensive. If you, like me, have shadows where you want light and glare where you need a soft, reassuring glow, read on.

There are three routes to effective illumination - all involve thinking, bother and money. The difference between the options is in the price and the degree of nuisance.

Option one: hire a lighting consultant. These are people who know their footandles from their lux (metric and imperial measures of illumination) and will wash a wall with light rather than graze it (in-fall for a dappled effect). This option is only for those prepared to spend quite a lot of money to get the job done well.

Consultants will ask about needs, make suggestions and then produce a plan. Architects can do the job, but the cost will probably be the same, so it is worth going for the specialists. The consultants will also organise the electricians, find the right fittings and oversee the job.

It is inevitable that the room or house will have to be cleared. Beefy men with cold chisels, power screwdrivers and portable radios tuned to Kiss FM will move in and create dusty mayhem. They will hack channels in the walls, rip floorboards and rip up ceilings to hide wires and bulk fittings.

This is not a job for the faint-hearted, but in the end the chances are strong (but not guaranteed) that you will have a room which is both functional and comfortable. It is probably best to coincide this brutal activity with re-wiring or tiling it to precede the next decoration.

Option two: become your own consultant. This and the final option involve quite a lot of learning. It is the stage I am in now and I wish I was rich enough to hire a consultant.

The first step is to buy a book that gives the basics and is written for the DIY enthusiast rather than architects or professional interior designers.

Most books on interiors, such as the Conran series, have chapters on lighting. But the best - although far from brilliant - choice is the *The Lighting Book* by Deyan Sudjic (Mitchell Beazley, £14.99).

This is a book where the text was, it seems, written around a bunch of stock pictures. But Sudjic has some

good hints and provides the basic theory of lighting in an approachable format. In spite of its inadequacies, the book will help prevent elementary blunders and save its cover price many times over.

You, like me, will learn about the different qualities of light sources - traditional tungsten versus tungsten-halogen and fluorescent (warm, intermediate and cool). The quantities of light needed, the distribution effects, and fittings are described. And there are plenty of pictures to see how others have achieved well-lit bliss. The book also lists consultants and suppliers.

With some learning, and lots of enthusiasm, it is possible to plan your own lighting scheme. Start with pencil and paper (draw on a squared sheet to scale, if possible) and not in the shop. Buying the equipment and fittings is the last part of the task.

Collect catalogues from lighting shops and use the information provided to work out how many fittings you need to get the desired effect. This is sometimes difficult

**Peter Knight on how to transform your home with subtle shades**

for the uninitiated, so experiment as much as possible with an extension cord and temporary fittings.

After many weeks wasted on bodging DIY jobs, I have learnt to hire professionals who do the job well and in half the time. This is especially necessary with the safety that electricity demands.

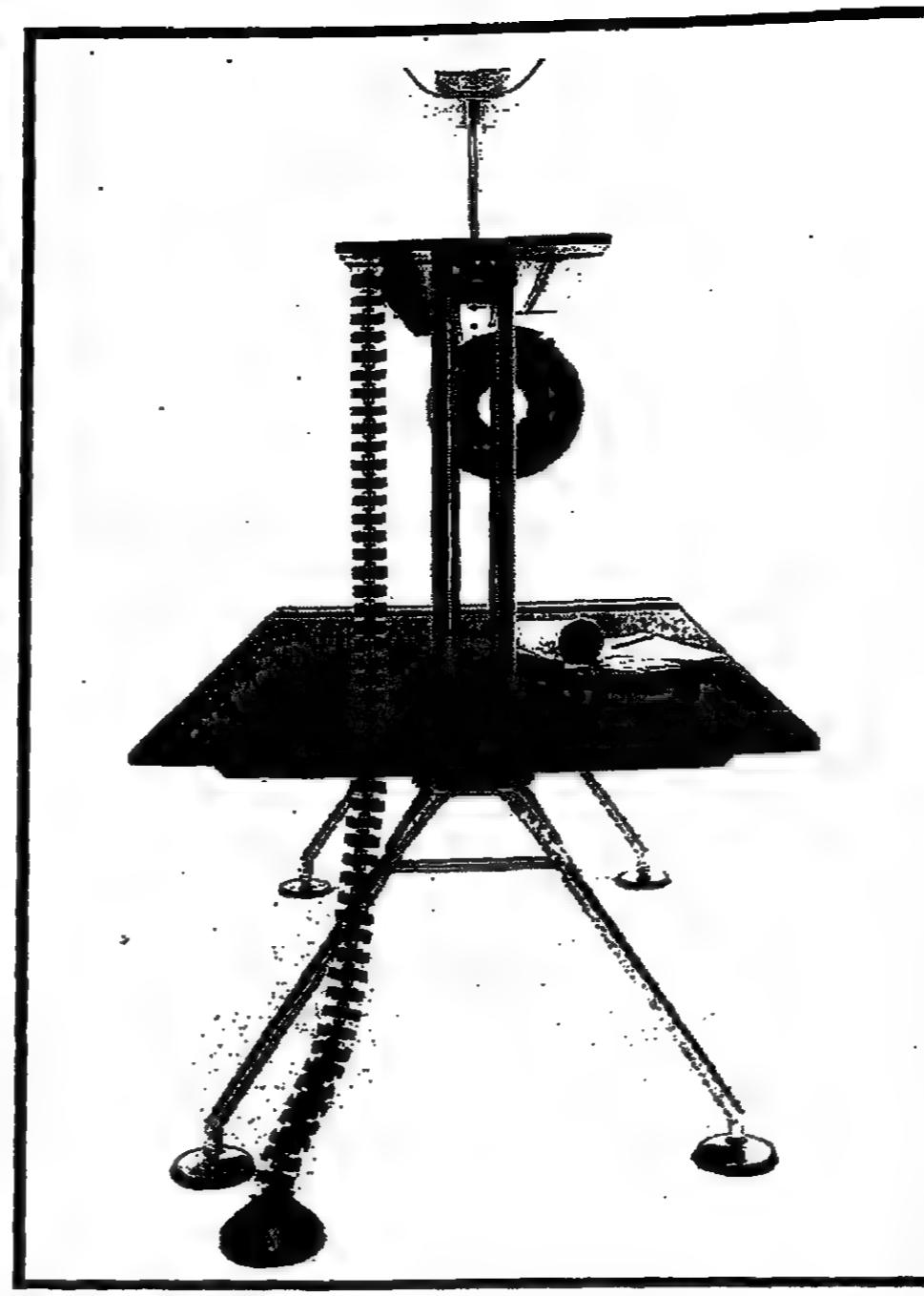
Once you have drawn up the plan, talk it through with a qualified electrician who will be able to help on the technicalities and should be able to buy most of the fittings at trade prices.

This is particularly true if you decide to use recessed fittings and low-voltage systems. The supplier catalogues will show the sort of space needed in, say, the ceiling void, but an experienced electrician will be able to make an instant judgement on the practicalities. It is always wise to build in as much flexibility as possible.

Option three: fiddle with what you have. Given that most lighting has not been planned at all, it is possible to make huge improvements with a little thought and a few changes to the fittings. This is probably the best course if you rent and are not allowed to hack into the fabric of the building to hide wires and recess fittings.

Dramatic differences can be achieved simply by reducing the role of the central pendant, changing shades, installing dimmers (remember that some new light sources, such as low-energy bulbs, cannot be dimmed), plugging in more table lamps, bouncing light off ceilings and shifting existing lights by lengthening the flex.

The least you can do is reduce eyestrain and make your home more welcoming.



Flexible workstation from the Nomos range, designed by Sir Norman Foster: the tubular construction allows a variety of shapes and surfaces to be built

messages and sends and receives faxes. It requires only one line and switches automatically between fax and telephone. It has a memory and polling function that allows you to check-in for messages on compatible faxes.

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## FASHION

# The return of an old Italian master

*In the 1950s Brioni epitomised La Dolce Vita. It is still the last word in subdued classics for men says Richard Rawlinson*

**I**T IS ONE of the world's most expensive men's wear companies. Its suits are favoured by top international business executives, film stars and foreign royals. The precursor of Nino Cerruti and Giorgio Armani by several years, it pioneered the Italian look. Yet, in the UK, it remains one of fashion's best-kept secrets, in an industry that is big on hype. It has quietly gone about the business of tailoring, relying on the exclusive grapevine of its rich and famous customers as its main marketing vehicle.

On Monday, Beale and Inman on London's New Bond Street, starts its Brioni Week, the first promotion of the Brioni brand by a UK retailer for more than 30 years. Around the corner at Savile Row, the grand old tailors who recall the last promotion may feel an uncomfortable sense of déjà vu.

When Brioni launched its collection in the UK in 1959, a newspaper headline shouted: "Look out, London! Here comes another Roman invasion". The company's mission was to usurp the heavy, bespoke suit with its own lightweight, ready-to-wear version. The ambassador of Italian style aimed to revolutionise men's fashion.

The scene of the historic debut was a catwalk show at the Hyde Park Hotel in Knightsbridge, London, organised by Brioni stockist, the newly-opened (now deceased) store, Wollands of Knightsbridge. Men's fashion "parades" and men's boutiques, not to mention the collection, were considered to be incredibly risqué at the time. *The Spectator* said the event was "as brave an act as holding a whist drive in the Kremlin for the Friends of Capitalism."

The style commentators of the day marvelled at the novel use of colour and fabric. The range included emerald silk smoking jackets, plus cashmere coats, lilac striped shirts with matching brocade waistcoats, crimson and white brushed mohair blazers and even suede trenchcoats.

The latter was, according to the critic in *The Spectator*, "all hung about with tabs and windbreaks and buttoning etceteras; worn with skin tight trousers, there seemed nevertheless to be some lack of pockets and the model was actually carrying a handbag."

While many concluded that

the more progressive excesses were unsuited to British tastes, others applauded the new slimline silhouette and the relaxed elegance, achieved by the lightest of wools and, most important, the absence of padding. Jackets had three buttons at the front, two vents at the back sloped shoulders and the widest point of the lapels was 2in. Trousers were 17in round the bottom with no turn-ups.

This was a far cry from anything else before: the utilitarian



Subdued style: Brioni lightweight double-breasted suit in Super100 worsted wool costs about £1,200 from Beale and Inman

ian demob suit in coarse grey wool, with its enormous shoulder pads, oversized chest, high cut trouser and wide shoe-covering leg was standard. The more advanced Savile Row tailors such as Bunny Rogers had reinvented the Edwardian look by producing frock-coat style jackets, narrow "Guards" trousers and velvet-collared covert coats topped by bowler hats.

This trend, combined with the Zoot suit from the US, may have given birth to street style and the teddy boy phenomenon, but it was too dandy to take off among traditional bespoke customers.

Meanwhile, Rome was gaining a worldwide reputation for glamour and style following the hit film *La Dolce Vita*. Brioni's founders, Nazareno Fonticoli, the tailor, and Gastone Savini, the business brain, captured the mood of the "sweet life", realising that society was more cosmopolitan, men now lived in climate-controlled homes and offices, drove cars, were slimmer and healthier and did not want or



Another modern Brioni cut: pin-striped in Super100 lightweight worsted wool from around £1,600 at Beale and Inman

need heavy, stiff, grey clothing.

Brioni is no longer in the fashion vanguard, preferring to emphasise to customers that an exquisitely cut, classic suit in the finest cloth is an investment. Although the bulk of its business is ready-to-wear, it still adopts bespoke techniques and takes great pride in the craftsmanship of its tailors.

**"Look out, London! Here comes another Roman invasion," cried one headline when Brioni showed in 1959**

The company employs 700 workers including 200 tailors and makes 250 suits each day. Each suit takes 18 hours to make from individual hand-cutting through hand-stitching and ironing. It also keeps the measurements of 25,000 clients on computer in Rome, allowing customers to order custom-made suits by telephone and receive them in five weeks without even a fitting.

Cashmere overcoat into the size of a rugby ball, stick it into a suitcase for a few hours. When you unfold it, it will be crease free.

The pursuit of excellence does not come cheap. Off-the-peg suits range from £1,100 to £1,900 and custom-made suits from £2,500 to £4,000. An unlined cashmere overcoat costs £1,695, a blazer, £995, a shirt, £129, and a silk tie and

handkerchief set, £119. This level of the market is recession-proof, according to Umberto Angelino, Brioni's chief executive. Clients past and present include Henry Ford, John Wayne, Peter Sellers, Rock Hudson, Richard Burton, King Constantine, the King of Malaysia, film director Michael Winner, Arab sheikhs and even former arts minister David Mellor.

Next week at Beale and Inman, the full Brioni collection will be displayed and the company's master tailor, Chacchio Fonticoli, will be at hand to take measurements for custom-made suits and ready-to-wear adjustments.

Brioni gained a reputation for being a bit *nouveau riche* during the 1980s. It tended to be too flexible to outlandish demands from customers. It was the "if sir wants a cream silk safari suit, he must have one" syndrome. Now, Brioni is focusing on its subdued classics, believing that quality can come in all guises – but it is better when it is tasteful.



John Wayne being fitted for a Brioni suit in the early 1960s watched by Gastone Savini, one of the company's founders



Sketch from the "Brioni" catalog from 1956 – note the matching waistcoat/raincoat lining

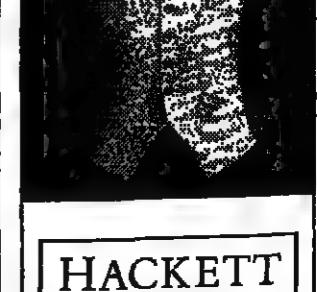
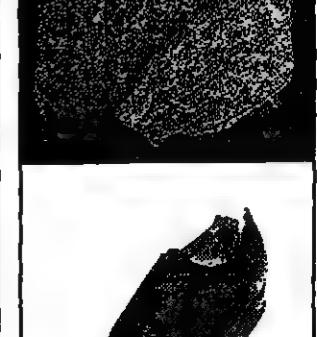
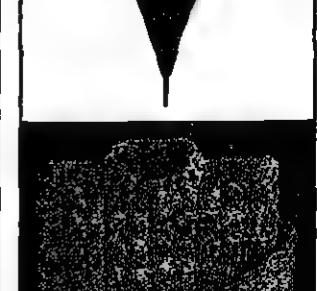
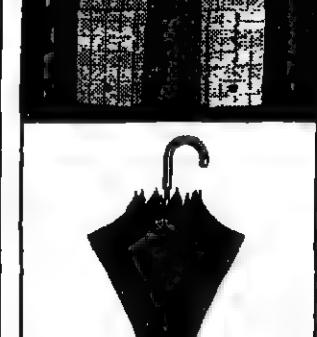
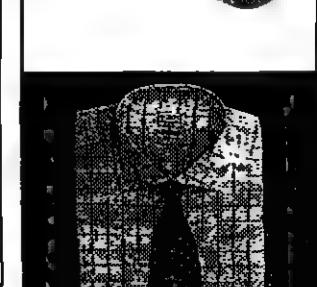
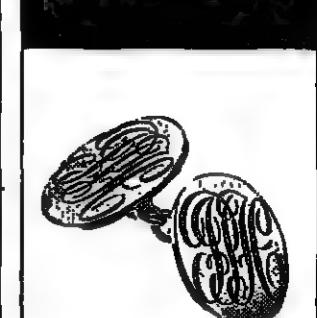
short-sleeved, ribbed grandad tops in black, red, white and cream at £20.70. The most interesting trouser design is the Bedford cord (£20.50) which is close fitting and looks like a cross between a cord and a jean.

Students who are really pushed for money should head for Flip in Long Acre, Covent Garden, London. It is one of the cheapest places for T-shirts and jeans, partly because most of the clothes it sells are second-hand. You can find some second-hand Lee and Levi's jeans for £15 downstairs. Upstairs there is an array of second-hand jackets, waist coats and jeans going even cheaper – from £10.

Flip sells new clothes, too: grandad tops for £16.99, T-shirts starting at £4.99, long-sleeved T-shirts at £9.99, track-suit bottoms for £22.99, and a fluffy sweat-shirt top with a hood for £25.99.

Just two doors up from Flip is Longpoint Bay, where you can rummage around for stylish bargains. The sweat jean-jacket £42.50 is shaped like the classic jean-jacket, which means you can dress it up or down, with jeans or trousers. If you are bored with the usual sweat-pants look Longpoint has its own "jogging trousers" which have a trouser-like effect because of the smart zip that sits in the side of the leg.

Colours for the jacket and joggers are navy, bottle green, red, and grey. To match these there are some long-sleeved button-up tops for the girls, in grey and white (£22.99), and some button-up long-sleeved polo shirts with ribbed cuff and collar in navy, red, black, and bottle-green (£23.95). The unisex roll-neck polo top is a little number everyone could use – it can be worn with almost anything and is a sure way to keep warm in student digs when



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## A crash course in fashion on a grant

**Sasha Jensen, a third year at Warwick University, offers some tips for first-time students on looking good on a tight budget**

**I**F YOU have won a place at university this October the words budget, budget and budget will probably be echoing in your head. This is, after all, probably the first time you will be officially in charge of your own life.

Apart from the precious pounds you will spend on books, accommodation and food, there is the matter of your wardrobe. Clothes should be suitable for the life you lead – and student life normally consists of going to and from lectures, playing lots of sport and socialising in any and every pub you can find. Thus you need to find some cheap but good-quality buys that will stand you in good stead during your stay in academia.

The essentials are jumpers, jackets, track suits, tops, a decent pair of shoes and some jeans – and you ought to be able to find all this for a maximum of \$100.

Marks and Spencer is an excellent first stop for the bargains essential to every budget-conscious student. The M&S unisex "warmhandle" shirt (£29.95) is a thick, brushed cotton shirt which will keep the cold air away on a wind-swept campus. It comes in red, black or a colourful Mexican-style stripe. To match this there are jeans for men and women for £19.99 available in all colours.

Its lycra-jodhpurs (£19.99) are the basis of many a female student wardrobe as they can be teamed with almost anything: the unisex M&S T-shirt (£7.99) or a round-neck ribbed top at £25.

To see you through three years you will need good quality shoes. For girls there is the classic leather penny loafer in black or red-brown at a reasonable £25.99, or the more dressy but less practical suede loafer with a slight heel (£25). Boys could step out in M&S's heavy work-boots (£45), loafers in black and brown (£29.95) and a reliable brogue at £29.95.

A really warm coat is vital. M&S has two types of fleece jacket which will shelter you from colds, flu and bankruptcy: a navy blue zip-jacket with checked collar at a mere £35 or a blue and green check jacket which zips at the front at the same price.

All students should make



Sasha Jensen in Levis classic 501s, Mexican style waist coat, white top and jumper round neck from M&S, jeans shirt from Next

their way to a Levis store – a sturdy pair of jeans is a must for college and Levis offers a 10 per cent discount to those who can produce their library or student card. Levis has a new range of jeans that might pass

for casual trousers, which helps to explain the price. The unisex 417 (£50) comes in saddle, blue, green, ecru and black. It has a hugging fit but can be worn in a baggy style.

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## TRAVEL

# Violent landscape in bubbling repose

*Michael J Woods flies above the volcanoes of Rotorua, climbs into their craters and bathes in their sulphur springs*

**H**OT sulphurous steam belched from the mountain side and rose in stifling clouds from the main crater, rolling upwards towards the rim before being torn to shreds and melting away in the powerful south-west wind.

The helicopter, insignificant against this great mountain, banked over the crater, bucking in the uplift. As it did so I stared into the volcano's evil depths to glimpse the sump of viscous grey liquid in the bottom. Only the bilious yellow of sulphur coloured the moonscape. Like iodine around a wound, the sulphur had left a saffron deposit round every vent and crack.

The helicopter landed on the slippery surface of the old mudflow, deeply scored by water channels, where the wind piled in from the sea between two cliffs. This was White Island, an active volcano 31 miles off the east coast of New Zealand's North Island. Fishing boats may shelter in its lee and gannets and mutton birds may nest on its outer edges, but the interior is far less hospitable - the living planet is in the making.

White Island is at one end of a volcanic region which stretches inland south-west to Ruapehu volcano, 150 miles away, and contains all New Zealand's historically active volcanoes. One of its most notable manifestations is Mount Tarawera which erupted in the early morning of June 10 1886 to cause New Zealand's biggest natural disaster.

We flew over it on our return from White Island, looking down into a gigantic cleft 850ft deep, blasted out of the mountain's threedom summit in a rift eruption which runs for more than 10 miles.

While a helicopter ride gives you a good overview, nothing beats climbing down into the crater, so later I was driven close to the top before slip-sliding down a long, steep scree slope into the crater itself.

Stand still and the silence is almost overwhelming.

But the earth has not finished its business here. Although my guide repeatedly reminded me that the giant beneath Tarawera was only sleeping, there was no sign of geothermal life. Go down the hill to the south-west and cross Lake Rotomahana into Waimangu Valley and there is enough activity to satisfy the most ardent enthusiast. And it would be harder to find one more



Ten-mile rip in the world: hikers sit above the rift in Mt Tarawera caused by a volcano explosion

ardent than Bradley Scott, from the volcano surveillance team of New Zealand's Institute of Geological and Nuclear Sciences, who took me

it is forced as if from a subterranean pressure cooker.

Over a 38-day cycle, the level of Inferno Crater Lake can vary by as much as 38 feet, by far the largest such fluctuation in the world. By keeping an eye on things here, Brad should be able to predict any further eruptions and avoid the surprise that Tarawera sprung just over a century ago, in volcanic terms that was a minor eruption.

Far larger ones have taken place in the past, throwing out huge amounts of molten rock.

Tourism based on hydrothermal activity was already growing before the 1886 eruption. Displays in Rotorua museum, located in a failed turn-of-the-century bath house, explain that Europeans were then making the long journey to New Zealand to bathe at the magnificent pink and white terraces which

looked like two great glaciers pushing into the original Lake Rotomahana, except that these were created by heat rather than cold. They were regarded as one of the wonders of the world in their day.

The Victorians enjoyed describing these delicate silica cascades in flowered tones. The hottest, deepest pools were at the top, cooler, shallower ones at the bottom. The top-most pools on the pink terraces contained shimmering blue water.

Sadly, the terraces were blown away during the Tarawera eruption. Brad assured me, but, to his obvious amusement, optimistic expeditions still arrive occasionally, intent on excavating the terraces from the mud which buried the two Maori villages of Te Arikirangi and Moura and partially engulfed a third during that fatal night.

This last, Te Wairoa, has been

## Paradise of birds

**A** STRANGE green blob on the green screen had been bothering Warwick Murray for some time. Then we burst through the dense grey curtain of fog into a few acres of sunshine gleaming on the bright sea. And there was our green blob - a large container ship, a sheer steel cliff, foghorn bawling, plugging gently through the water.

Warwick eased back the throttles and the inflatable settled sluggishly in the water and stopped almost on the spot. We had barely skirted the vessel when we were enveloped by fog once more. Now a much longer green line showed on the boat's radar screen - a line of islands. We were almost upon it and already in radio contact with Ray Walter, the resident warden, when the mist cleared abruptly and a steep green hillside reared up in front of us, topped by a red-and-white lighthouse.

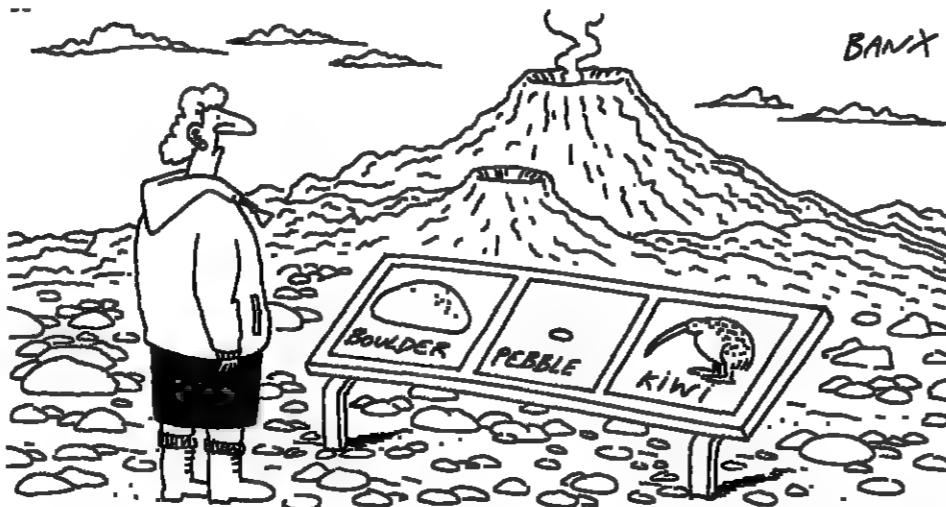
We motored gently to the end of the wooden pier and climbed on to the island of Tiritiri Matangi, just one of some 47 islands in Hauraki Gulf maritime park, directly off Auckland, New Zealand.

Few big cities have such beautiful areas of wilderness as close to their centre and as directly accessible as Auckland does. While Tiritiri Matangi is not quite as easy as some of the islands to reach, it is an open sanctuary and has been at the centre of an initiative by the Department of Conservation over the past decade to preserve native wildlife.

When New Zealand originally split from the ancient super-continent of Gondwanaland, it possessed only two mammal species, both of them bats, so its wildlife was able to develop without fear of ground predators. An array of flightless birds such as the kiwi, and a large green ground parrot called the *kakapo*, emerged.

Although Tiritiri remained free of predators, pastoral farming reduced the original native forest cover to scattered remnants in a few steep gullies too small to support indigenous wildlife. But once acquired by the DoC, agriculture ceased and re-afforestation began.

A range of organisations - sports clubs, schools, youth organisations, walking groups - volunteered to visit the island and plant young trees. Over the past nine years, more than 200,000 saplings have been planted and already the



550-acre island is reverting to natural bush, enabling many threatened native birds to be re-introduced.

Along the shore I found breeding boxes for blue penguins and, by opening the trap doors in the roofs and peering through the grubby glass ceilings, I could see the small but chunky silvery birds within. A board-walk nature trail leads to the top of the island past a small pond containing a pair of brown teal, the fourth most endangered water fowl in the world. From thick shrubs I heard the warbling notes of

toto are connected by a short causeway. It is hard to believe that two islands so closely linked could be so different.

The 3,750 acres of Motutapu are green farmland, full of echoes of the Dorset countryside: steep dells, wonderful views and a nearby sea. Rangitoto might as well be the moon, for it is an island of lumps of tumbling black basalt, great bare deserts, touched and crusted here and there by a few daring, flaky grey lichens and the occasional bold moss.

But small areas of woodland are becoming established, the

**In Hauraki Gulf, off Auckland,  
Michael J Woods visits islands  
being returned to nature**

tree limbs hairy with lichens. Rangitoto is a mere 600 years old - a volcano which last erupted 200 years ago - and its colonisation is of international interest.

It is a favourite destination of Aucklanders, with a regular boat service from the city. Runners trot up to its 800-ft summit, and Sunday walkers enjoy its paths and the magnificent views from the top where the crater is now thick with native bush.

From here the vehicular track led me down to the causeway which I crossed to wander over Motutapu's green acres, enriched by the fertile ash erupted from its neighbour, before returning along the shore path to the ferry landing on Rangitoto.

Buoyed by its success on Tiritiri Matangi, the DoC is about to undertake a much more ambitious scheme in the gulf, the replanting of the island of Motutapu. Motutapu and the neighbouring island of Rangi-

to, or parson birds, and spotted several saddlebacks picking through the leaf litter.

The DoC has already brought a number of bird species to the island. I came across the feeding holes left by the long slender beaks of the nocturnal little spotted kiwi and saw several brilliantly-plumaged takahē courting.

I followed another boardwalk back to the boat, winding through a remnant of natural bush, dense dark woodland dominated by huge sprawling *pohutakawa* trees with tatty bark. In the gloom we saw one of the 24 rare North Island robins imported to the island a year ago.

Buoyed by its success on Tiritiri Matangi, the DoC is about to undertake a much more ambitious scheme in the gulf, the replanting of the island of Motutapu. Motutapu and the neighbouring island of Rangi-

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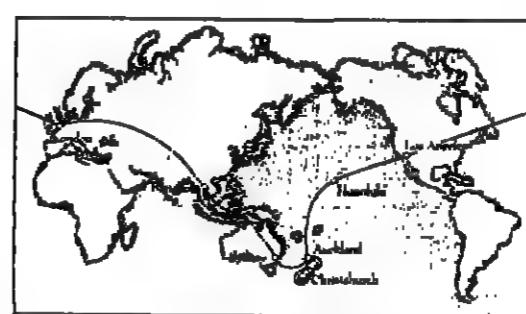
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## FOOD AND DRINK



Oysters and stout: a classic combination

Robert Harding Picture Library

## If you're ready, Oysters dear . . .

**A**NR in the month marks the official return of native oysters, wild scallops and mussels to our menus. Oysters are classically served raw and are so delicious that way that it seems a little foolish for the cook to devote any time to them. I would rather conserve my energy for cooking other things.

Mussels invite far greater variety of kitchen treatments. Just think of soups like moules marinière, mouclade and our own mussel brose for a start. The only trouble about mussels is the time it takes to clean them. Reluctant to do in the kitchen I shall save mussels for darker days when the appeal of lingering in the warmth of the kitchen soars.

And so to scallops, which more often than not come ready cleaned by the fishmonger and which need little

cooking. Scallops, like oysters, are of course exquisite to eat raw when beautifully fresh, with a squeeze of lemon or lime and perhaps a light scattering of chervil, or plain and simple just as they are.

That is the way I gobbled my way through dozens of little queen scallops at John Noble's Loch Fyne Oyster Bar at Cairndow (there are branches in Nottingham and at Elton, near Peterborough). Marvellously tender and sweet they were with a briny whiff of the sea.

Unless, however, the weather is truly brilliant, hot scallops may seem more appealing, in the evenings at least. Here is a timely way to serve them.

### GRILLED SCALLOPS WITH RED PEPPERS, TOMATOES & BASIL

A main course for 2-3 or a generous appetiser for 4, in which case I would serve the colourful mixture in (real or china)

scallop shells. The peppers and tomatoes can be prepared ahead for the sake of convenience, but allow time to reheat them in the oven before grilling the scallops.

Six fine fresh scallops (to yield ½lb or so of flesh); two red peppers; ½lb cherry tomatoes; a small bunch of basil; a sliver of garlic; ¼-½ teaspoon coriander seeds; three tablespoons extra virgin olive oil; wedges of lemon and good bread for serving.

Core the peppers, quarter them or cut them into strips as necessary to lay them flat, and wipe away the seeds. Cook them, skin side up, under a hot grill until the flesh feels soft and the skin is blistered and black.

While the peppers are grilling, pour boiling water over the tomatoes. Leave for one minute then drain and slip off the skins.

Cover the cooked peppers with a cloth (to keep the steam in) until cool enough to handle. Then strip off the skins and cut the flesh into chunks. Put the peppers into a warmed dish, add the tomatoes and mix gently.

Crush the garlic and pound the coriander seeds to a coarse powder. Put the flavourings into a small pan with 2½ tablespoons olive oil. Warm gently until sizzling then pour the aromatic mixture over the vegetables. Swirl to mix and season with sea salt and black pepper. Cover the dish and slip it into an oven heated to 350°F (180°C) gas mark 4 while dealing with the scallops.

Gently separate the corals from the whites and slice each white across into two rounds. Lay them on a sturdy baking tray. Season them with sea salt and a grinding of pepper and drizzle the remaining ½ tablespoon of olive oil over them. Turn them to coat them all over and slip the tray under the grill at a little distance from the flame. Grill, turning once, until the corals firm up and the whites turn from glassy looking to pearly. One minute on each side is probably plenty.

Tip the contents of the scallop pan on to the vegetables and mix gently, adding a generous scattering of torn basil leaves. Serve with wedges of lemon and plenty of bread to mop up the fragrant juices.

*Philippe Davenport*

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**LE CREUSET**

# A blow to the G and T set

*Giles MacDonogh thinks gin drinkers have cause for concern*

**I**N THE course of the past year or so, I have begun to feel sorry for the gin and tonic drinker. I realise that the manufacturer of his favourite drink do not think much of him and feel they can slip water into his gin without him noticing – except that a few people did notice.

When I learned that Gordon's had reduced the alcoholic strength of its UK bottlings from 40 per cent alcohol by volume to 37.5 I called a gin and tonic drinking friend and asked him his reaction: "Dear boy," he said, "I poured myself my usual swindler and had a snort and then I said to myself 'something's wrong!' At this point I looked at the label and suddenly the mystery was solved."

Gordon's controls about half the UK market for gin so when it sneezes all the other companies catch cold. In the wake of Gordon's decision, one by one they all followed suit, with the exception of Burroughs' Beefeater which remains at 40 per cent. Beefeater is now being punished for its stubbornness, for the other brands have made around 50p a bottle out of this move, or if you prefer, \$2 a case.

Gordon's latest move is to remove the mention "the heart of a good cocktail" from the label. It was right to do so: at 37.5 per cent it was certainly untrue.

I have it on no less an authority than the head barmen of the Palace Hotel in Madrid, that it is quite impossible to make a decent dry Martini with less than 47 per cent; and he used to make Martinis for Ernest Hemingway, a man who knew a thing or two about drink-

ing.

Gordon's has been able to get away with all this because gin is basically a non-drink. Anything which is really worth drinking must be drinkable on its own merit, or as near as dammit.

Few people, however, drink gin by itself, or even with a splash of water, the odd Oxford don and the totality of gin distillers. I cannot even think of a handful of others.

In this country gin and tonic drinkers



account for 70 per cent of the people who buy gin. When I spoke to the distillers at Gilbey's Gin a few years back, they told me that they even tasted the gin with tonic to see how the product blended up with the tonic water from Schweppes.

I think I must enjoy about one gin and tonic a year: on a perfect English summer evening (there have not been many of these this year) when care has been taken to put the gin, the tonic, the gin and the glass in the fridge; then, and only then is it a refreshing aperitif. The pub gin and tonic has to be classed as one of the most disgusting conco-

tions known to drinking man.

The US uses gin more inventively than we do, and this is borne out by the fact that the gin distillers have not tampered with the strength of gin on the American market: Plymouth is still at 40 per cent, Gordon's is at 43 per cent and Beefeater at a cocktail strength of 47 per cent, to name but three. The reason for this is abundantly clear:

Americans use gin to make cocktails: they do not drown it with tonic water.

There was one respectable way of drinking gin in this country but these days it is rarely seen outside naval circles. That was the pink gin. You swilled

with tonic, drink it pink.

a little angostura bitters around a glass and then tossed them out. Then you added gin and topped up with a little water. The result had the palest pink tinge.

The favourite gin for making pink gin was Plymouth. Being so close to the dockyards in the great port, naval officers developed a loyalty to Plymouth gin which they never lost.

Plymouth gin also had a slightly different character in that the chief "botanical" constituent (or flavouring, if you prefer) was orris, or iris root. Gordon's is perhaps the most juniperous of gins.

All the other main brands have opted for the London Dry formula which relies far more on citrus character. This derives not only from the use of orange and/or lemon peel as a botanical, coriander is also a vital ingredient for making London Dry. Beefeater also stresses the importance of the highly aromatic angelica root.

Gordon's has been making a big effort lately to explain to drinks writers that strength is not important: "Alcohol is just a vehicle for carrying flavour", it says.

It denies that the winemaker's term "mouthfeel" has any importance when it comes to gin. This may be true in a gin and tonic where the result of Gordon's decision to water its gin will mean simply that you will have to be more sparing with the tonic, but it is simply nonsense in the case of a dry cocktail.

My advice to gin drinkers is the following: if you drink gin and tonic buy Beefeater; if you make cocktails buy Tanqueray at 47.3 per cent, the only generally available high-strength gin on the UK market; if you do not like the strong juniper-character of Tanqueray you must bring back your favourite brand at 47 per cent the next time you go abroad; or, if you are anywhere near Plymouth you could drop into the distillery shop and buy a bicentennial distillation at 57 per cent. Do not bother with tonic, drink it pink.

and their first course finished. No sooner, however, had the main courses been served than one of the men began to sway talkingly over his dish. Within minutes he was deeply asleep.

Cultural differences in how to treat the sleeping diners were soon obvious. His three fellow diners made no attempt to rouse him but continued their meal without paying him the slightest attention.

When they had finished their main course the waiters cleared the plates without making any reference to the unoccupied dish. By the time they returned with the desserts they had to bring back the sleeping diner and, grizzly refreshed, devoured his food and ordered an espresso coffee.

There are obvious explanations: jet-lag, over-indulgence, ill-health, fatigue or boredom, which many readers may have experienced themselves and sympathise with. So far this phenomenon seems to only affect men in expensive restaurants. But it has left two otherwise highly professional sets of waiting staff lost for the appropriate response. For the concerned restaurateur the case of the sleeping diner presents a new set of challenges in customer care.

I would be delighted to hear from any reader who has an ingenious solution or can tell me of a similar experience. I will reward the best reply with a bottle of pink champagne.

## How to deal with a sleeping partner

who are still feeling the disappointment of a bad performance at the theatre. Still worse are the occasions when a company has to entertain overseas clients who have pulled out of a deal at the last minute. Retirement dinners, especially for someone taking early retirement – and taking it reluctantly – may be the most difficult of all.

But in the best restaurants, such situations can be salvaged. Just as a thoughtful waiter remembers his regular customers' aperitif, so the swift delivery of the menu and wine list to an unhappy looking table can help matters.

A word too to the kitchen to ensure that a potentially difficult table's order is dealt with promptly shows the same concern. As does a word of warning to a young waitress to steer clear and not aggravate matters.

But during the summer I

witnessed for the second time in a top restaurant a scenario that can unnerve even the best-drilled waitstaff and provides a set of initials to rival Matthew's W.I.C. Mine was Z.A.T. – Zzz's At Table.

*Clients who fall asleep pose a real challenge for a restaurateur, says Nicholas Lander*

What do you do when a dinner falls asleep?

The first time I spotted this phenomenon was at a two-star Michelin restaurant in London's West End. In spite of the attractions of the food, wine and company my attention was suddenly distracted by what was

happening at a table across the room at which the woman seemed to be physically propping up the man.

I was riveted. The snoozing diner was young, in his early 30s and dressed in a pin-striped suit. Every few minutes he would lean forward over his plate and doze off. His companion, unhappy with his behaviour – particularly as, five years ago, they would have had to reserve their table some weeks in advance – kept shaking, prodding and pushing him in an attempt to wake him.

All to little effect.

The waiting staff sadly offered no help, pretending to ignore him and to keep away from the table, only interfering when it seemed that some damage might be done to restaurant property. There was no alternative. She called for the bill and escorted him out.

I thought this just an isolated episode until this summer when in a restaurant in France we were seated across from a table of four Japanese. They seemed quite relaxed, with an empty bottle of white wine by their table

### Common Markets

## The fruits of Rioja

strangest fruits were the tiny pears and miniature flat-ended peaches called *paraguayos*.

There was no absence of fish from the market stalls. As one might expect there was a lot of hake (the national fish), sea bass, sea bream, bonito and monkfish. Perhaps more interesting was the grading accorded to dried cod in the market: the best *aconcio* came from the Faroe Islands, those from Iceland and Norway were markedly cheaper.

The market is no longer in the square. It was long ago transferred to a covered building a few streets away. At the back of this runs the Calle del Mercado, the city's most lively street after dark, where all the tapas bars appear to be.

Rioja is near enough to the coast to be interesting for fish and close enough to the cool mountains to be regularly supplied with pork (the pig is naturally the king of the domestic beasts in the limited space given to a mountain farm) and cheese. The plains of Rioja Alta also provide vegetables: not just the famous white asparagus of Rioja and Navarre, but all those vegetables which are constituent parts of the local *mestiza de verduras*: artichokes, potatoes, cardoons, peas and green beans.

In August Logroño market had few vegetable rarities to offer, but one thing did catch my eye: borridge or borage, in England used only as a dressing for summer Pimm's, but in Spain the tender young shoots are cooked with potatoes as a first course. The rest was more predictable: white beans, green chillies, Swiss chard and heaps of oyster mushrooms. The

market's major themes: black puddings from Burgos or Rioja; butifarra sausages from Catalonia; fresh chorizos for frying or adding to bean or chick pea stews; chitterlings; cracked up pieces of roasted pigs' heads; pigs' snouts; slightly ropey bits of highly prized Jambón ham, but these were not from here – they had been airflown from Seville.

It was not all pork, however.

*empanadillas de cabrío* seemed to be little balls of kids' guts.

Smiling sucking pigs were

arranged alongside sheep's

heads, tiny lamb trotters and calves' ears.

The earthy quality of the food available from the market strongly contrasts with that offered by the best restaurants in the region. Mesón Chuchi in Fuensalida specialises in meat cooked in a baker's oven: sucking pig, milk-fed lamb and kid. It looks a bit like a medieval torture chamber with its pseudo-gothic vaults and iron grilles, but quality is good.

The best restaurant in Rioja

is in Logroño itself at La Merced, in the old heart of the city. Here you will eat the best food of the region: gambas croquettes on the finest tomato sauce; lobster salad; braised ox tails; *pimientos rellenos*, or stuffed pimientos; or squid cooked in its own ink. All these dishes will be moistened with good Rioja wine.

Information: Mesón Chuchi,

Calle Vitoria, 18 Fuensalida.

Tel: 042 22 11 66 or 22

10 24.

Pigs' bits were also one of

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## SPORT

Olympics / Keith Wheatley

# Beijing may pay for the fast pace

**W**ANG Junxia's record-breaking feats on the track may just have clipped Beijing's chances of hosting the 2000 Olympics. The 20-year-old middle-distance runner paled a huge 16 secs off the women's world 3,000m record in two separate races at the National Games in Beijing last week.

Yet around the world scepticism, rather than applause, greeted the news. The International Amateur Athletics Federation announced it would spend another £167,000 on drug-testing next year — most of it in China. British athletics team manager Joan Allison, an Olympic runner a generation ago who quit the sport in disgust at Eastern bloc drug-abuse, was disbelieving.

"You just can't go out and run those times — certainly not at 20. The new records just can't be taken seriously. I throw my hands back and say 'Here we go again,'" said Allison.

On Thursday night in Monte Carlo the members of the International Olympic Committee meet to choose between candidate cities for the Millennium Games. Beijing, with Sydney, is a co-favourite. Already the Olympic élite, with their precious votes, are talking of little else than Chinese runners.

"To Western eyes, with a sophisticated appreciation of the media, it looks the crudest and most counter-productive propaganda coup. One could scarcely credit that the Chinese could be so naïve," said one Olympic "player" who has been involved at the highest level for nearly a decade.

However, the adjective most often used by insiders to describe the Beijing bid is "brutal". It is now Chinese policy at the highest level to secure the Games. It shows in many ways. At the East Asian Games in Shanghai earlier this year, 1,000 postmen were trained for months to ride illuminated bicycles into the

stadium in the formation of the number 2,000.

Clearly the Beijing mandarins have failed to gauge the sensitivity of the drugs issue in the Olympic movement. With the Butch Reynolds libel hanging over the US Olympic team (the runner claims a drugs-test exclusion from the team was unlawful) and the spectre of Ben Johnson still too fresh to be ignored, the élite of the IOC in Lausanne react to even the suspicion of

*The adjective most often used by insiders to describe the Beijing bid is 'brutal'*

chemically-induced improvement like a vampire faced with garlic.

There are 91 members of the Committee entitled to participate in the secret ballot. Probably only 86 will do so. President Juan Antonio Samaranch chooses not to vote and Bulgarian member Ivan Slavkov is not allowed to leave Sofia in the post-communist regime.

The 1992 games regenerated Barcelona. Indeed Spain as a whole. National self-esteem climbed as international praise flowed and the government said national GNP was lifted 1 per cent by the Olympics.

The five contesting cities know that 45 ayes could change their nation's history. Beijing has been letting it known that they have 30-35 votes "in the bag". This is almost certainly an over-estimate but few would doubt that the Asian group of IOC members are behind China. Even Taiwan's IOC member Ching-Kuo Wu has pledged his support.

It seems clear that either Berlin or Istanbul will be first to be eliminated. Berlin has suffered the dreadful handicap of a vociferous and potentially dangerous anti-Games campaign within the city. said spokesman Hamish Fraser.

The safety of IOC members has been threatened by the "NOlympics" campaign and graffiti painted on the walls of the IOC headquarters in Lausanne. Most dangerously of all, the support of the two German IOC members has seemed at best lukewarm.

Whether Istanbul survives beyond the first ballot — the least-supported bid is eliminated in each round until there is a clear majority — depends on the existence of an "Islamic bloc" within the IOC. Traditionally regional solidarities have played an influential role in the early stages of voting but this may be a decreasing phenomenon. While technically adequate, the Turkish proposal suffers from the lack of a clear identity.

It does not even have the comfort of a compromise role. Should the rival attractions of Beijing and Sydney, the one geo-political, the other sybaritic, prove deadlocked, Manchester will probably emerge as the mid-way.

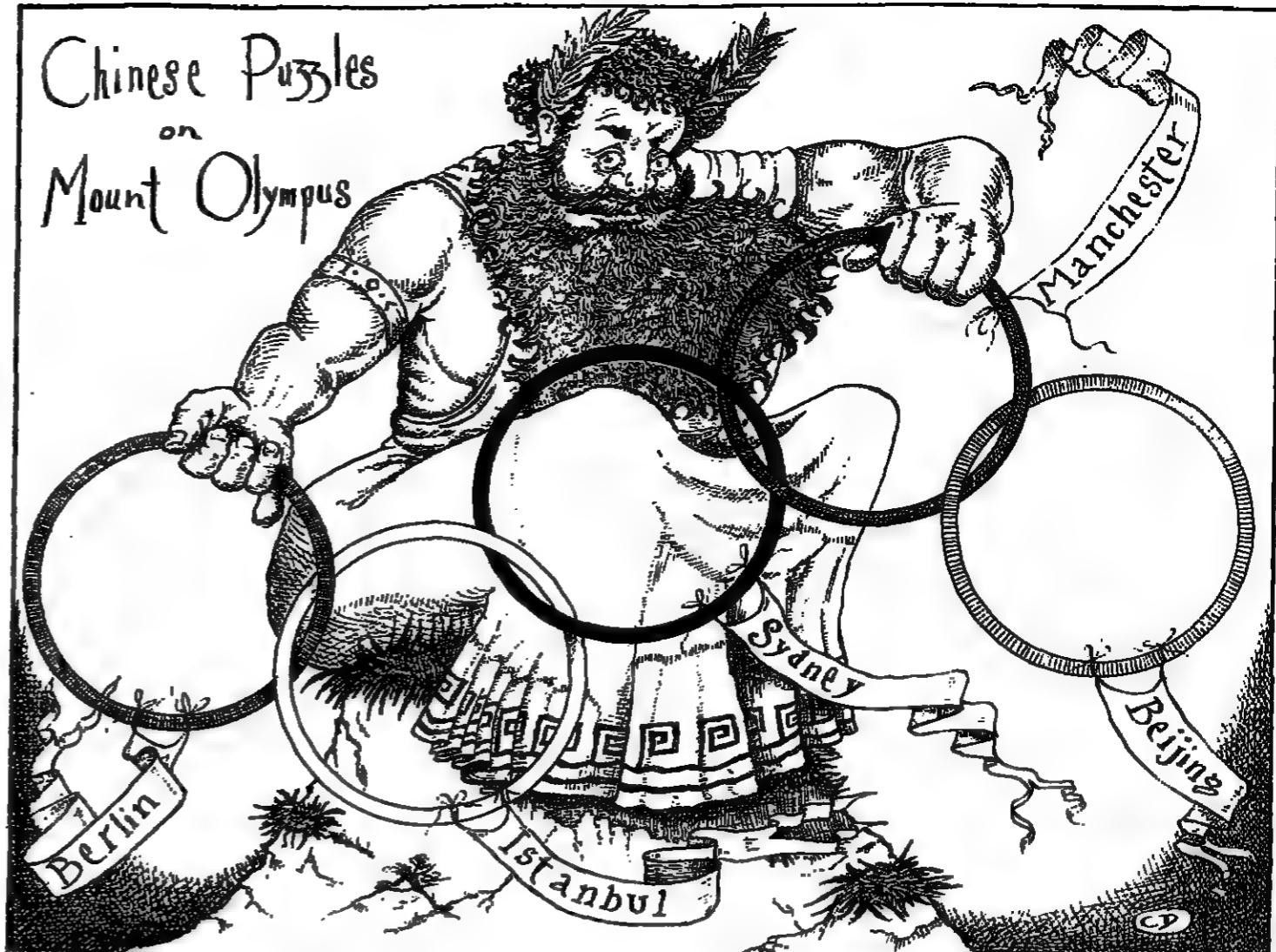
In 1990 the candidature of Britain's foremost northern city was scarcely credible and it won only five IOC votes. Much has changed in the intervening four years. Bid chairman Bob Scott has become one of the most persuasive and popular figures in the Olympic movement. Within his own country he has charmed £75m out of John Major's government for infrastructure beneficial to a 2000 Games.

"I sense that we can win, although I'd be a fool to say that we will," said Scott, who will have Major and Olympic gold medallist Linford Christie flanking him when he makes the final presentation in Monte Carlo.

Australian prime minister Frank Keating will be banging the drum for justice which has echoed around the Australia's past is still in evidence. "Oscars have had the Games once this century" [Melbourne in 1956]. If the five rings mean anything then it must be our turn," said spokesman Hamish Fraser.

He thinks cities are mistaken in paying too much attention to

## Chinese Puzzles on Mount Olympus



## Tricks of victory

Atlanta chairman) and Andrew Young.

"You can't just get up and blow them away with some bang-up show you've rehearsed for seven months. Each of the 91 people will react differently."

Keep to the course previously set and maintain that personal contact right up to the eleventh hour and the 59th minute, is the Battle advice. "It ain't over until it's over," he adds.

"I still don't know to this day exactly why we won," Battle said. "The beauty of this whole game is that it's such a spectacular exercise in conjecture and speculation."

KW

**S**AM Torrance, the rough-and-ready Scot, was trying to explain to David Feherty, the irreverent Irishman, the special tensions attached to playing in a Ryder Cup match.

"It's like having a baby," said Torrance finally. "Until you've become a father, you don't know what it's like. You can read all the books, take all the advice anyone wants to give you but you have to experience it for yourself to know what it's really like."

Last this month, at the Bellry, Torrance will be experiencing the thrill — and the fear — for the seventh consecutive time while Feherty will be biting his nails on the sidelines. He coped well on his debut at Klawah Island two years ago (beating Payne Stewart, the US Open champion, in the singles) but failed to make the team this year.

Torrance has won numerous individual titles, including three this season, but he said nothing matched striding up the 18th fairway at the Bellry in 1986 knowing it was in his

hands to win the Ryder Cup tournament, you're only letting yourself down if you blow it. That's the big difference, having other people relying on you. It's very special."

That was demonstrated for the whole world at Klawah last time, when Bernhard Langer had a putt of a few feet to beat Hale Irwin and retain the Cup. Langer missed and the agony or the ecstasy was written on every face. The emotions might have been similar if Langer had had the putt to win the Masters or the Open Championship but they would not have been felt so universally or so intensely.

Feherty called it the "high temple of stress" and Irwin, three times US Open champion and a man who thought he was used to tense situations, admitted he could barely breathe as

he played the last hole, so crushing was the pressure.

Tom Watson, captain of the US side this year, was not at Klawah but said, "Just watching it on television was worse than the pressure of winning

an Open." And Watson won the Open five times and the US Open once. Everyone sympathised with Langer, specially Irwin, who had suffered with him in the cauldron, and admitted, "There is no way that I would ever wish what happened on the last hole to happen to anyone."

It was the sort of thing that

might have ruined a career but Langer proved that he is blessed with an iron will and an admirable sense of perspective when he won the German Masters the following week. Bernard Gallacher, Europe's

atlasses. "I've never believed too much in the 'bloc' vote," said Battle. "The ballot is the one area where an IOC member can do exactly what they want to."

"They can ignore what their government wants and what their sport wants them to do. You should never forget that in that secret moment they vote from the heart."

"And even now there is still everything to play for. The last few days can be critical. Keep working on the one-on-one relationships and then confirm your whole vision in the presentation."

Opinions differ on the value of the final brief presentation to the full IOC. Some say that votes are already decided, others that it is the crux of the entire three-year effort.

"I don't think you can win on your presentation but you definitely lose existing support," said Battle.

"By the time Tokyo came around our bid was really running short of funds and we had to put together a very basic presentation which relied almost entirely on the personal appeal of Billy Payne (the

## Golf / Patricia Davies

# When the irons are in the fire

*'In a tournament, you're only letting yourself down if you blow it. That's the difference... people relying on you'*

captain then and now, was full of admiration. "Extraordinary," he said. "Such maturity. Such resilience. I might ask Bernard to play last again," he added, "and I think he'd accept the position."

There is no doubt that Langer would. Earlier this year, he was asked if he would be happy to face a similar putt, in

a similar situation at the Bellry. "Yes," was his answer, given without an instant's hesitation. Fred Couples, the former US Masters champion, asked the same question, also said, "Yes," but only after a long pause and without anything like Langer's conviction. Yet he could only imagine how hard it would be. Langer knew.

Watson, who has played on four Ryder Cup teams, has no doubts that the competition is a "top ticket" event, a major if you like." He reiterated his view that it is, in some respects, more major than the majors. "There is no question that the pressure of playing in the Ryder Cup is greater than that you experience in a major championship. You are testing the human bottle, the human spirit, the human capability to its utmost."

to the pitch towering over the rest of the ground. Here John Major, Norman Lamont and David Mellor, sit in luxury in their royal blue seats, to watch their soccer.

The stand almost bankrupted the club. The Mears family, Chelsea's founders, sold out to brassy Ken Bates, the lease passed into and out of the hands of property speculators, the club slipped into the second division and abandoned redevelopment. The fans have had to finance the debt through high ticket prices.

In the aerial picture the contrast is clear. Next to the great stand sits the Shed: a small roof over a large expanse of terracing which can hold 10,000 standing fans. Part of it closed, marked off by a snaking blue barrier, in one corner stands the remains of a floodlight pylon. The Shed is separated from the action by a great bow of grass and the wide sweep of the unused track. At Spurs, fans in two stands can reach out and touch a player taking a corner. A Sheddite would have trouble hitting him with a hurled brick.

Here is proof that environment and behaviour are linked. Stamford Bridge was, and according to a recent police report, remains the home of the nastiest fans in English soccer, the lumpen proletariat outside the palace. Now it is threatened by the club's planned £36m redevelopment. No doubt fans will protest. They will have a point. The Shed is part of English soccer's history. Someone should slap a preservation order on it. Mind you, I will never stand in it again.

## Soccer / Peter Berlin

# Cathedrals of the game



Graveyard of dreams: Stamford Bridge's East Stand rises above Brompton Cemetery

and the atmosphere.

A strange new book, *The Aerofilms Guide To Football Grounds* (Dial, £9.99) attempts to answer the practical questions. Like so much that is sold to the English soccer fan it opts to offer too little rather than too much; it works best as an illustrated companion to Simon Inglis' wonderful, eccentric *Football Grounds of Great Britain* (Willow, £9.95).

In the Aerofilms book, each club's entry contains sparse information. The interest is in the two aerial views of each ground. One taken from a great height, is plastered with helpful yellow code. Arrows point into the distance.

"Oxford BR Station 3 miles" reads one useful caption. A letter "T" shows toilets for visiting fans (only ever one it seems). Anything which encourages fans to use the urinals is a good thing. But there is not a word to explain the question that is raised by nearly all the splendid oblique-angle aerial close-ups: why is the ground that shape?

One after another there are asymmetrical grounds (Barnet, Birmingham, Bradford, Brighton, Bristol Rovers) and stands with strange kinks (Blackburn, Bolton and so on). Hardly an English ground is an architectural whole. Everywhere there are gleaming new

stand roofs next to aged brown expanses of terracing. Everywhere the spy plane flew the builders were in, as clubs raced towards the deadline for all-seater grounds.

The pictures of Highbury, Eland Road and Old Trafford show building sites. What good is the fan a picture of a hole where there is now a stand? But as a historical document of a game in a period of rebuilding the book is excellent.

It is also highly suggestive. Here are the newly-built Boleyn Stadium, Walsall, and Senegal Fields sitting in their freshly-cleaned urban wastelands, surrounded by the little yellow boxes of generous park



That putt: Bernhard Langer missed on the last green at Klawah

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## PROPERTY

# A special place to keep the world at bay

*An Englishman's home is his castle - if he can find one at the right price - probably in Scotland, says Gerald Cadogan*

**E**NGLAND has so few castles to live in that the benighted English have to make do with words: "My home is my castle" - a mythical place where the world intrudes only by invitation, and the stout-hearted owner pulls up the drawbridge by switching on the burglar alarm. Or Englishmen build castellated follies as sentimental substitutes, and dream of kings and glory.

Why are castles rare, when they are common in Scotland and Ireland, and in France? Defence and subjugation are the main purpose of these buildings. But the long era of domestic peace in England meant that there was hardly any need to build them after the Middle Ages, or to maintain the medieval castles. They are mostly ruins, while still-used medieval churches stay spire and span. Instead, the English started building grand country houses, which did not have fortifications, except by antiquarian whim, but did have the same economic power as the castles and monasteries.

Across the Channel the French do not live in country houses or have a translation for the English term. They have châteaux. It is always a surprise travelling in France how many there are, and that most of them are basically military. But think of the invasions and évenements France has suffered - and remember the fate of the nobles in the French Revolution - and it makes sense to live in a castle or, in the 19th century, to follow tradition and build a house looking like one.

In Scotland and Ireland the story is similar. Life was uncertain for centuries. Even when it improved, the tradition, and the memories of 1745 and the Young Pretender or the Irish uprising of 1798 - and the ensuing repressions by the English - were so alive that castles never disappeared. Many houses in Scotland began as fortified tower houses, with the main room on the first floor reached by a spiral staircase, and pepperpot turrets where the Laird's sentry could shoot at the rival clan coming to attack as happened often.

In the 19th century Scottish castles became more spacious. The tower-core had wings added and an extra staircase or two, built in the Scottish Baronial style which had become a romantic way of showing that Scotland was separate from England. Mish-mash enlarged castle houses are the result, pleasing for the romantic sense of danger they exude.

The spiritual foundations for Scottish castles were tradition and Walter Scott's stories. With steep roofs and round turrets, these Scottish castles look like châteaux and reflect the anti-English Auld Alliance of Scotland and France.

Gardyne Castle, in Angus, eastern Scotland, is a multi-period castle, for sale from Savills with a guide price of more than £390,000 (but needing a thorough redecora-



Venburgh's castle in Greenwich, south east London, now divided into four houses

tion). The Gardyne family built it as a tower in the 17th century, when they were battling the Guthrie clan. It has three fine pepperpots and a "dungeon" connected to the drawing room by an access hidden in a cupboard. Later additions make it a sympathetic family fortress with plenty of room.

The walled garden on a south-east facing



15th century romantic: Dunseveric Castle, in Argyll, Scotland

slope running down to the burn is a golden opportunity for a serious gardener. It already has a laburnum walk.

The Gulf Stream helps the gardens at Penkill Castle in Ayrshire on the west side of Scotland, also 16th century and acquired in the 17th century by the Boyd family, who rebuilt it in the 19th when their friend, Pre-Raphaelite artist William

Bell Scott, painted murals up the staircase to illustrate *The King's Quair*, a poem written in 1420 by James I of Scotland when imprisoned in Windsor Castle. Scott included W.A. Swinburne as a courtier of Venus, and himself with Alice Boyd's pet duck. In this century Eton Eckstrand, an American devotee of the Pre-Raphaelites, bought it and restored it. He has

instructed Knight Frank & Rutley, in Edinburgh, to sell this château extraordinary for more than £200,000.

Kinnaird Castle is gloriously placed, overlooking the Firth of Tay between Perth and Dundee (Knight Frank & Rutley, 071-229-8171). Edinburgh (031-228-7105) and Hereford (0432-273087); Savills, Brechin (0336-621287); West Highland Estates, Oban (0631-63617); John D. Wood (071-423 4106).

alternative, unscarred by 19th century Baronial additions, is Freswick on the Caithness coast in the north of Scotland, offered by Hamptons at more than £175,000 and needing work. It is another 16th century building, incorporating a mediæval tower and a Viking hall.

For the full 19th century romantic experience, consider Dunseveric near Dunoon in Argyll, built in 1887 by the son of the Coats textile family, and on sale at more than £370,000 from Hamptons. In Edinburgh, Peffermill is a 1630 tower house, on sale for only the second time in its 350 years and sympathetically restored so that it keeps the simplicity - some would say austerity - that a castle should have. Warriors do not need fitted carpets. Offers over £390,000, from Knight Frank & Rutley.

Sundrum Castle, in Ayrshire, dates back to the 14th century, with many alterations. Now Salopian Estates is converting it into separate houses. The owners will take a share in the estate company and pay for maintaining the gardens, woods, park and tennis court. Enquiries to West Highland Estates or Cluttons.

In England, Clearwell Castle, in Gloucestershire, is an attractive-looking 16th century Gothic concoction with battlements, at present a country house hotel, which Knight Frank & Rutley in Hereford offers at over £750,000. More remarkable is the castle that Sir John Vanbrugh, architect of Blenheim and Castle Howard, built for himself in Greenwich, south east London, at the top of Maze Hill. It has been divided into four houses, one of which is for sale from John D. Wood for around £400,000 - worth it for the view across Greenwich Palace to the City of London, let alone the pleasure of living in Vanbrugh's own house (listed Grade II).

For the same price Humberstone is selling the castellated Castle Lodge, at the foot of the castle mound, at Lewes, Sussex. The castle is now a ruin open to the public, and not available.

A complete Victorian fort can be bought for £1m. Fort Corbets, on Alderney, in the Channel Islands, was built to keep the French in check, and converted in the 1970s into a family house. It brings the tax haven advantages of the Channel Islands and overlooks a sandy beach. Agents are Knight Frank & Rutley or Swoffers in Guernsey. If you need a castle in Ireland, Jackson Stodd McCabe usually has one or two on its books.

Further information from: Cluttons, Ayr (0292-288181); Hamptons, Edinburgh (031-229-8166); Humberstone, Leves (0273-475828); Jackson Stodd McCabe, Dublin 8771177; Knight Frank & Rutley (071-229-8171); Edinburgh (031-228-7105) and Hereford (0432-273087); Savills, Brechin (0336-621287); West Highland Estates, Oban (0631-63617); John D. Wood (071-423 4106).

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## OUTDOORS/MOTORING



Glebe Cottage Nurseries stand: a bright new apricot Lychnis, called cognata, drew many admirers



Troy Andrews

## Clear colours and new varieties for autumn

*Pokers are no longer overheated and crocosmias are getting more and more unusual, says Robin Lane Fox*

**I**N POURING rain this week, gardeners have been able to shelter and enjoy their Great Autumn Show. I am not sure which is more welcome. The rains have brought fresh colour to my fuchsias and lengthened the season of the late sweet pea. The two-day show is held yearly in London's Royal Horticultural Society halls and continues to raise my sights for autumn. The days seem far behind us when gardeners complained of too much strong yellow and believed that dahlias were all vulgar.

In a Great Autumn Show you no longer see chrysanthemums; they now have to wait until October, instead, you confront clear colours in new varieties from old and new families. Some of them have emerged in families which used to be all orange and hectic, crocosmias, perhaps, or over-heated Pokers.

Nowadays, the main Poker at the shows is the pale yellow Little Maid, a marked reversal of colour and gender. Other pale colours have turned up in half-hardy families, spread around for the new plant-

finding market: I continue to profit from Brian Riley's unusual forms of half-hardy salvias for pots.

Some particularly rewarding forms are coming back from the wild, not least from Roy Lancaster's recent collections in China. From Paradise Centre in Suffolk, I admired a tall white-flowered Artemisia called Ghibzu but its exhibitors do not yet list saleable plants of this border-flower for the future, dark-stemmed and holding its flowers at pleasantly wide intervals to a height of 4ft or 5ft.

I also admired a new bright apricot Lychnis called cognata. There seem to be no problems here. Carol Klein, of Glebe Cottage Nurseries, raised it from seed collected in China and rightly placed it in the foreground of her outstanding exhibit. She foresees no difficulty with it and so I have bought one. Lychnis cognata grows about 1½ft high and has rounded flowers like an enlarged form of haageana, whose colour is a sensational shade of apricot. If it continues to flower in autumn, it will soon be all over the garden centres: whatever will China be found to be hosting next?

Wherever you look nowadays on the smaller stands of hardy plants, good exhibitors are showing unusual crocosmias, those easy-growing corms with rushy leaves and flowers which used to be in various shades of orange. Once upon a time, the red and orange forms were believed to be tender but they are proven survivors in the worst winters of discontent.

Will the new pale yellows and apricots prove to be so tough when we have a really testing season? I have been trying to pick the better forms, helped by John Metcalf, of Four Seasons Nurseries, at Fornet, St Mary, Norfolk NR16 1JT, who supplies by mail order only. Like his exhibit, he has a sharp sense of the best performers and best value.

Many of us have been struggling with Crocosmia Emily McKenzie, which has orange flowers with a brown blotch but never seems to last for very long. I have been blaming my cultivation. Metcalf agrees, and although he sells this variety, he does not reckon much to it. He prefers the new Star of the East, which he does not yet stock but

which I value for its star-shaped flowers in orange and its long season at a height of about 2ft. Among the paler yellows, any visitor to the show would choose Citronella, which is also one of the cheaper varieties: I have bought one to celebrate and can imagine it in a sunny bed among the blues of autumn. I

also fancy the pale apricot Solitaire, which has pleasantly bronzed leaves but which does not always flower freely.

Nobody is entirely certain that these pale-flowered forms will survive a hard frost but there is one helpful trick: try to feed them with a potash fertiliser from July onwards so that they build up stronger corms below ground before the frost.

Other varieties keep turning up, including a newish bright yellow

called George Davison, which looks too orange to my eye, and the older James Coop, which has small flowers and has not made much of an impact with me in the past five years. I would put Citronella first, at least until the winter sorts it out.

On acid soil, anyone would be seduced by copying the exhibit from Edrom Nurseries, in Scotland, and multiplying the many forms of autumn gentian as an edging to their borders. The pale blues and the best white form are quite appealing but the best are surely the deep blues, which we all associate with this superb plant for cool northern gardens. I wish that everyone would plant it instead of yet more heather: once again, the best form seemed to me to be one of the cheapest, the dark blue maculata.

Patient gardeners might consider this the background blue of a new shrub with blue-coloured leaves. Fothergilla Blue Mist was being shown by Starborough Nurseries below some good specimens of Nyssa sylvatica, which colours so prettily to red and orange in its leaves. Both these plants grow slowly and need patience, moisture

and no lime. Nonetheless, they ought to be taken up by gardeners with the right soil and the need to find something for autumn among a core of azaleas.

As always, I fall for Aylett's marvellous dahlias, the reputation of those who think that there is nothing between the awful forms with mauve pompons and the over-estimated red Bishop of Llandaff. A few, well-chosen forms add backbone and soft colour to a border from August onwards: if you disbelieve me, you can see them at their best in the National Trust's flowerbeds at Hidcote before you walk towards up the famous Red Border.

This year, the pink form with flowers like waterlilies, called Emily Crutchfield, looks irresistible. Alternatively, there is even a pink called Eugenie: she is a richer pink and has an unusually pretty shape to the flower, which sets her apart from the other pink forms of the well-known japonica.

Conscious of the changing fashion, I found myself circling past the tweed skirts and back to Glebe Cottage's enterprising stand. Even the familiar Japanese Anemone has seen a new turn in their observant care. They have picked out a rich rose-pink called Eugenie: she is a richer pink and has an unusually pretty shape to the flower, which sets her apart from the other pink forms of the well-known japonica.

She shares their willingness to flourish in dry shade. She is the sort of speciality which you only see at a seasonal show and so I blessed the RHS's new willingness to allow plants to be bought throughout show hours and left with Eugenie in a polythene bag with the RHS symbol. Thirty years ago, not only the plants were more limited: shopping was strictly curtailed, to the visitors' disadvantage.

She shares their willingness to flourish in dry shade. She is the sort of speciality which you only see at a seasonal show and so I blessed the RHS's new willingness to allow plants to be bought throughout show hours and left with Eugenie in a polythene bag with the RHS symbol. Thirty years ago, not only the plants were more limited: shopping was strictly curtailed, to the visitors' disadvantage.

## Frankfurt Show

## Promising concepts for your family

*Stuart Marshall has been looking at exciting cars of the future*

**I**MAGINE a car that at four metres (13ft 4in) long is shorter than a Toyota Corolla hatchback but has more rear seat room than a Toyota Lexus LS400 luxury saloon. The floor, front and back, is completely flat. Its 1.8 litre lean-burn engine drives the front wheels through a four-speed automatic transmission.

If you think it sounds like a very sensible family car for the mid-1990s, I can only agree. But there is more. Accelerator, foot and parking brakes are

electronically operated, like the "fly-by-wire" controls in the latest aircraft, though with fail-safe mechanical back-up. The driver sits high. To make parking in tight places easier, only the first 30cm (12in) of the bonnet are out of sight. The digital speedometer is a "head up" display - you see the speed reflected in the windscreen without having to lower your eyes from the road.

A single enormous motor-driven door on each side moves slightly out and then back at a finger touch, with the rear

view mirrors folding automatically. Even if you have to park very closely to the car alongside, getting out will not be a struggle.

This paragon of common-sense is called the Toyota Raum. I rated it the most practical and promising of all the concept cars at Frankfurt Show. Although Raum is clearly a concept car, it could be produced now, using existing factory facilities. But will Toyota say it is not a technological tour de force, just a glorified old-fashioned innovation,

and is a good indication of what might find its way into Toyota dealerships in the not-too-distant future.

Among other eye-catching concept cars at Frankfurt were the Buick Sceptre, a rear-wheel driven, supercharged 3-litre V6 engined four-door with active suspension and styling that might grow on one, and the Mitsubishi HSR-IV and ESR.

The HSR-VI has a 1.6-litre V6 but one complete bank of cylinders is shut off at low speeds, reducing fuel consumption and exhaust emissions. All four

wheels drive and steer.

ESR (for ecology, science and research) is a futuristic hybrid vehicle, driven by nickel-hydrogen batteries recharged by a 1.5-litre petrol engine. It looks like a Star Wars prop, seats four, is fitted with six air bags for all-round passenger protection, has a top speed of 124 mph (200 kph) and a range of up to 625 miles (1,000 km).

I never dismiss concepts like ESR as flights of high-tech fancy. My grandchildren may be driving them in 20 years time.

power-adjusted steering wheel and headlamp wash/wipe. Alternatively, 24,855 extra bytes computer-controlled air conditioning, leather seats and eight-hole alloy wheels.

There is a huge amount of room for up to five people inside an S-Class, with boot capacity to match. Buyers probably fly first class just to get the same amount of space around them.

Understandably, its bulk is unwelcome in town and fitting it into a multi-storey may call for some nipping and tucking. But on open roads and motorways the S-Class is supreme. The loudest noise was tyre whine on some autobahn surfaces. I forgot how good the suspension was until I noticed other cars bobbing up and down on ill-maintained surfaces while the 250s rode flat.

**S M**



Vorsprung durch technik: the Toyota Raum concept car

However, the S-Class has not been the disaster some commentators would have you believe. As Helmut Werner, Mercedes-Benz president and chief executive officer, said at Frankfurt show last week, it is still several lengths ahead of the competition with a 27 per cent share of market segment.

The S-Class, like Rolls-Royce's off-the-peg models, is being promoted as a tool for high-mileage business professionals, not a status symbol. Can this be justified?

## Where big is best

Having driven one to Frankfurt and back last week, I think it can. For me, there is a direct relationship between car size and relaxed comfort. On long motorway journeys, there can be no question that big and spacious cars are best. S-Class buyers drive larger than average annual mileages, which rather proves the point.

The model I drove was a sign of the times: a six-cylinder, 2.8-litre engined S280, budget priced at £27,500; the multi-cylinder versions cost between £21,400 (£400 saloon) and £27,400 (£600 coupé).

Compared with the S-Class 280's 288 or 308 horsepower and the V12's massive 389 bhp, the 197 bhp output of the S280's multi-valve six may

seen modest. But it is marginally more than that of the 3-litre engine of the former 300S. In the real world, the S280 does not feel underpowered. A 0-100 mph (0-62 kph) time of 10.7 seconds and a maximum speed of 130 mph (210 kph) are claimed.

It has to be fairly low geared but it swooped along the autobahn at a legal 100 mph (161 kph) and 4,000 rpm in double-glazed near-silence. The only time the engine raised its voice was when I kicked down from top to second for sharp acceleration when hauled on a hill.

The main casualty is air conditioning and there is no radio. Mercedes always lets customers choose - and pay for - their own. For an extra £1,500 buyers can have an electric tilt/sliding sunroof (still usable at 60 mph/96 kph),

their habitat, guidance on the special needs of dormice will be given to woodland owners and managers, and everyone will be invited to take part in the Great Nut Hunt.

Dormice extract the nut kernels from hazel shells in a characteristic way and, by searching for such shells and sending them to a centre, members of the public can help English Nature to improve its knowledge of the status and distribution of those mammals.

Dormice are thought to have disappeared completely from a number of northern and eastern counties of Britain. Only recently, for instance, were they discovered in a Northumbrian wood and none is believed to exist in Scotland.

The Great Nut Hunt will continue into 1994 and it is hoped that as many people as possible, especially children, will take part.

## Country note/Michael Woods

## Dozy days ahead

**T**HE DAY my wife wrecked her car was a good one for dormice. In no time the recently vacated car-port was taken over by three large cages and I was licensed as a keeper in the dormouse captive breeding and release scheme.

Dormice are mouse-sized rodents, ginger in colour with fury tails, which hibernate for more than half the year and emerge during darkness to feed high in the trees.

It is hardly surprising that their numbers had become severely depleted before anyone noticed.

It was not always thus. The hazel dormouse tends to live in areas of hazel coppice where the spreading limbs of the older trees provide it with aerial routes essential for its arboreal lifestyle. Rich hazelnuts enable it to almost double its weight before hibernation.

In the past, coppicing was a major industry in the countryside and hazel was an important component of the rural scene, providing material for hurdles, thatching pegs, tool handles and fuel for charcoal.

Woodsmen often came across dormice and they were kept as pets by children. In 1882, Theodore Compton, in his book on the Mendip Hills, wrote: "The pretty dormouse, more squirrel than mouse, is sometimes caught by our village boys who call it the seven sleeper."

The dormouse often sleeps for seven months of the year.

This long hibernation is matched in the summer by periods of torpor, when the weather is poor or food is scarce, from which the dormouse can take up to 15 minutes to awaken.

Understandably, its bulk is unwelcome in town and fitting it into a multi-storey may call for some nipping and tucking. But on open roads and motorways the S-Class is supreme. The loudest noise was tyre whine on some autobahn surfaces. I forgot how good the suspension was until I noticed other cars bobbing up and down on ill-maintained surfaces while the 250s rode flat.

**S M**



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An increasing number of woodlands are being found which, possibly because of benign neglect over the years, have all the right ingredients to supply the needs of dormice yet lack the animals themselves.

The captive breeding scheme aims to put dormice back into these woods by controlled releases of dormice bred in captivity. The parents of the released animals are taken from the wild in the autumn if, on November 1, they weigh less than 14g (half an ounce). Late litters do not have time to amass enough fat to keep them ticking over during hibernation. Under normal circumstances they would die.

Instead, they are taken into captivity and fed throughout the winter.

Their young are released into the wild using special release cages. These contain food so the dormice can return at night to supplement their diet until they have learned enough to feed for themselves. Several animals were released last spring using this method, into a secret woodland location in the eastern breed.

These dormice breed during the summer, and four litters have been recorded. Now they have to find suitable places to hibernate and survive the winter - the most dangerous part of any hibernator's life. But then sleeping seems to be what dormice do best.

To take part in the Great Nut Hunt write to: English Nature, (NDW), Northminster House, Peterborough, PE1 1UA or Countryside Council for Wales (NDW), 43-45 The Parade, Roath, Cardiff, CF2 5OH for a survey pack which includes full instructions.

The Mammal Society has published a useful booklet called *Dormice*, by Paul Bright and Pat Morris. £2.00 inc p&p from the Mammal Society Office, Zoology Department, University of Bristol, Woodland Road, Bristol BS8 1UG.

## BOOKS

# In pursuit of gossip

*Anthony Curtis follows a high-level Aga saga*

**I**N THOSE country houses where bedrooms are always kept ready for guests, this collection of Nancy Mitford's letters will make an appropriate addition to the books thoughtfully placed there. One or two of these effervescent epistles should provide an ideal nightcap. But consumed in bulk in the belief that here is a volume comparable in readability to novels like *The Pursuit of Love*, *Love in a Cold Climate*, *The Blessing*, or period-pieces like *Madame de Pompadour*, *Voltaire in Love*, *The Sun King*, the reader is likely to suffer rejection syndrome.

Nancy Mitford was a compulsive letter writer. For much of her life she was isolated geographically from the people she loved most and she poured out her thoughts to them in a ceaseless flow. The fact that so much of what she writes seems at this distance of time gushingly trivial is not really her fault. There was no thought of pleasing posterity when these letters were written nor of eventual publication - only of keeping the gossip going.

Occasionally letters written for purely private consumption do have the lasting worth to become literature. The classic instance is the correspondence of the Marquise de Sévigné (1626-86). She wrote long chatty letters almost every day to her daughter in another part of France. Nancy's friend Violet Handasyde, "the Wid" - to whom many of the letters in this book are addressed - made an English translation of Mme de Sévigné.

The comparison is not to Nancy's advantage. The Marquise was involved in much of what was going on both at the court and in the country. We owe to her, for instance, an account of the trial of Fouquet; of Vatel's, Louis XIV's chef's, suicide; of a performance of Racine's tragedy *Esther*. By contrast, Nancy seems often tediously absorbed in her own domestic affairs, in buying modish clothes, and in keeping track of who among her wide circle of well-born friends was currently liaising or quarrelling with whom.

The war forced her to emerge from her shell; a wartime job in a Mayfair bookshop gave her a sense of the

workaday world, though many of the customers were her own smart friends. On one occasion, just after the war, her rapidly blossoming reputation as a novelist took her into the turly-turly of the theatre. She was commissioned in 1949 by H.M. Tennant to make an English version of André Roussin's comedy *The Little Hut*. Nancy did a fine job, gaining a long run on Shaftesbury Avenue for the piece and providing Robert Morley with a juicy starring role.

Nancy was worried about what the author would say to her embellishments of his piece. "I guess" she concluded, "so long as it goes well and makes money he won't mind". He didn't, but disappointingly we get

**THE LETTERS OF NANCY MITFORD: LOVE FROM NANCY**  
edited by Charlotte Mosley  
Hodder & Stoughton £20, 538 pages

no account of the meeting between them or of the first night. Her friendship with the director - Peter Brook, aged 25, and already well-known - comes to a sudden unexplained full-stop, and in spite of a handsome share of the gross, she is turned off working for the theatre for the rest of her life. It is almost as if even that degree of exposure to it in her eyes - a common environment was too much for her.

What we have, then, is a high-level Aga saga; the Aga in her case being the Aya Khan. Nancy meets him at a party given by Daisy Fellowes at her apartment in Paris in 1948, one of thousands of similar gatherings she attended. "Mrs Rodd?" he greets her. "Your grandfather was a great friend of mine... I expect you know he just fell between two stools - it doesn't do for brilliant people to be snobs or snobs to be brilliant".

The Aga put his finger on it. For Nancy and her friends, snobbery was their greatest commitment, transcending all other affiliations, professional, political, religious. The extent of the name-dropping in these letters may be gauged by the amount of work the editor Charlotte Mosley has had to do to make them

comprehensible to the reader who comes to them un-debretted. It is nothing short of heroic.

There have been two biographies of Nancy Mitford - a personal one by Harold Acton and a comprehensive one by Selena Hastings; and we also have an account of her within the context of the whole family-group in Jonathan Guinness's *The House of Mitford* (1984). The Letters put more flesh on these biographical bones; they give insights into her draconian childhood, her disastrous marriage to Peter Rodd ("Prod"), whom she did not succeed in divorcing until 1957. She met her great passionate attachment, the Gaullist French diplomat, Colonel Gaston Palewski in London during the war, and followed him to Paris afterwards. She never became his wife or his mistress but enjoyed his company often and was in regular communication with him until her death in 1973. Even at her most object her letters to him have unabashed high-spirits, her redeeming virtue.

It is always addressed in English; as "Dear darling" or sometimes jokingly as "Dear Colonial". Many of her friends and relations are likewise known by their in-group nicknames. Those for her own family have become common currency thanks to the books they have published about each other - Favr, Muv (Lord and Lady Redesdale), Debo (Deborah, Duchess of Devonshire) Decca (Jessica), Bobo (Unity, Hitler's admirer who attempted suicide and died in 1945), Bodley (Diana, Lady Mosley) to whom she wrote many of the letters printed here. But who the heck are Keck, Lulu, Honks and Boots? Answer: Cecil Beaton, Louise de Vilmorin, Lady Diana Cooper, Cyril Connolly. All such sobriquets are explicated by Charlotte Mosley in a rash of square brackets within the text.

Snobbery breeds deep enmities. Thus the full nickname given to Connolly, perhaps the most brilliant, if not the most snobbish of them all, was Smarty-Boots. When the tables are turned on him and Evelyn Waugh gives *The Unquiet Grove* a stinging review in *The Table*, Nancy tells Waugh how much she enjoyed his "Boots-baiting". Waugh



was her great mentor and in her letters to him she is at her most candid. "You must remember" she tells him almost in tears at his strictures on the manuscript of *Love in a Cold Climate*. "That I'm an uneducated woman (her emphasis)".

Nancy also tells Waugh what happened when her mother dined with the Colonel. She picked all the trifles out of her omelette and left them. "The Col delighted - Most

people pick out the truffles and leave the rest, very patrician of her". Pace Lady Redesdale, I feel that the best way to read this book is the non-patrician way. To pick out the truffles and leave the rest.

# Why Jewish girls raged

**I**MAGINE European history with no royal families, no national revolts, no feudal nobility and no Christianity. Where would women come in? No queens, no revolutionaries like Joan of Arc, no martyrs, no lovely ladies wooed by chivalrous knights, and no escape into honourable celibacy for those unwilling or unable to find a husband.

That, says Naomi Shepherd, is how history looked to Jewish women until the 19th century. In the small Diaspora communities, women were little more than chattels traded between families in arranged marriages; historically, they were faceless. Christian culture has romanticised biblical heroines like Judith and Esther, but they belonged to a period when Jews existed as a political entity.

For centuries, Jewish society reflected rather the words of the Talmudic sage, that "a

**A PRICE BELOW RUBIES: JEWISH WOMEN AS REBELS AND RADICALS**  
by Naomi Shepherd  
Weidenfeld £25, 336 pages

woman before marriage is a shapeless lump, and concludes a covenant only with him who transforms her into a useful vessel". And once married, religious law, going back to a time when rabbis had even dictated sexual habits for different workers (twice a week for labourers, once a week for ass drivers, once a month for camel drivers), dominated every aspect of private life. No wonder, then, that by the 19th century, intelligent Jewish girls were frothing with rage against their orthodox families and were among the first to embrace the revolutionary politics that promised to do away with social and sexual repression.

This enlightening new book tells the story of the most extravagant and exciting of these women, and of how their Jewishness inspired and complicated their radical lives. Here is Ross Luxemburg, the Spartacist murdered in Berlin in 1919, landing like a comet from Poland and churning revolutionary passion through the sedate socialist parties of western Europe. Here is Manya Shochat, shooting men and posting bodies to fictitious addresses in Odessa, smuggling pistols in false-bottomed suitcases across Europe, holding up wedding canopies with rifle butts, and then exporting Utopian socialism to Palestine and the first kibbutz. Here is neurotic, civilised Bertha Pappenheim, Freud's "Anna O", unleashing her frustrated sexuality on a campaign against Jewish prostitutes. And here is the wild girl Emma Goldman, agitating for anarchy and sexual freedom in East Side New York, a symbol of terror to fascinated Americans before she was deported to Russia in 1918.

Each of these lives makes a noisy, bloodcurdling and satisfying tale, through which Ms Shepherd threads her observations on the way ideology and culture translates into political action. How did revolutionary women reconcile Jewish culture with Marxist internationalism and anti-Zionism? How did reformers from within, such as Pappenheim, cope with anti-Semitic prejudice from without? How did early feminists resolve their relations with male revolutionaries? To many such questions, still relevant today, Ms Shepherd brings a firm historical perspective and an open mind.

One reservation. By over-emphasising the Jewishness of her heroines, Ms Shepherd sometimes seriously loses sight of how some women saw themselves and their goals. She is indignant that Emma Goldman pacifist and anarchist, opposes the second world war and Zionism. Luxembourg, revolutionary and feminist, was simply not interested in things Jewish: Shepherd's suggestion, that she "suppressed" her Judaism only to seek, in her death, "the personal sacrifice expected of the Jewish women, implicit in Jewish tradition", is nonsense. But these are small flaws in an always entertaining and original piece of social history.

**Jackie Wulschlagger**

# Wild life of Born Free couple

**THE GREAT SAFARI: THE LIVES OF GEORGE AND JOY ADAMSON**  
by Adrian House  
Harvill £30, 465 pages

those biographies which, regrettably, feels obliged to cram in everything the author knows, from the Scramble for Africa to the history of Mau Mau; it is not well written; but the story comes through, and has a horrifying compulsion. For anyone who remembers the books or the films, this is a fascinating read.

The Adamsons represented two opposite facets of White Kenya. George was a classic example of the dedicated game warden, always happiest in the ferocious terrain of the Northern Frontier District, where the Somalis persist in their southern migration (they would eventually murder him). Joy, originally "Fifi", was a neurotic Austrian cosmopolitan with two husbands behind her, a Nazi step-father, broken English, pretensions to culture, a passion for the safari, a record of dissatisfied promiscuity, and a chronic inability to be civil to her servants (who would eventually murder her).

The fact is that Joy Adamson was a monster; George was a wretched, long-suffering spouse, usually living apart from her, and the marriage had been made in hell. In their different ways, their lives were rescued by the animals of East Africa.

Adrian House was their London editor, and has at last written the history of the Adamsons. It is one of

My House is on George's side, but his portrait of the appealing Joy has the stink of truth. Heaven knows why George put up with her for 35 years; Mr House concludes, in effect, that he was a gent. She married him in a grand and mutual passion, went off him sexually within a fortnight, developed a renewed craving for her (equally long-suffering) Swiss ex-husband and - as all Kenyans knew - made George's life miserable for much of the time. She even refused him a share of the fortune she made from the books, although his role in the dramas of Elsa and her cubs was fundamental. He was only saved from penury by the films Bill Travers

ers made with him later, and the spin-off books under his own name in the 1980s.

Nothing in this domestic tragedy would be a particularly unusual story in Kenya if it were not for the lions. Why did Joy's first book have such an extraordinary impact? The answer, at its simplest, is not hard to understand. In Peter Scott's words, "as an example of near perfect relationships between man and animal, it is unique". Plenty of game wardens had raised lion cubs, but Elsa reached maturity, was successfully released into the wild, and then retained her affection for the human "parents" even after she had mated and borne cubs.

So, for many people, this apparently ordinary story was unexpectedly moving because it seemed to offer them a bridge between man and the natural world at a time when - we can now see - we were beginning obscurely to worry about this gap. (Other books were having a similar effect at the time: see, for instance, the others and Gavin Maxwell, whose biography also appears this month). At a deeper level of interpretation - and Mr House only hints with this point but he is at least aware of it - it would be necessary to go into the legendary rule of the lion in the life of man throughout the ages.

There was a debate about the value of the Adamsons' work. They were not scientists, so what was the significance of their anthropomorphic observations? After all, lions were never an endangered species, so why never a fuse? And wasn't it dangerous to return these lions to the bush, and in particular to a national park? Were the Adamsons producing man-eaters? (In later years George was to be directly and painfully confronted by this point.)

The conclusion today seems to be that the Adamsons' observations

added something to the sum of human knowledge and offered the conservationists various lines for future inquiry. More important, I suspect, is the very simple point that the Adamsons transformed public opinion in that they did more than anyone to make lions accessible, wonderful, majestic, lovable, to all of us.

After Elsa, Joy reared a cheetah and also raised leopard cubs. She had a big affair with Billy Collins, her publisher, described here in delicate detail. She saw less and less of George. She wounded her hand and lost her separate career as an extremely distinguished artist of Kenya's flora and anthropology. She was killed in 1980.

George had retreated to a remote camp on his beloved Tana River and lived to a hearty old age, rearing lion cubs and entertaining British soldiers and uninhibited young ladies. Then, in 1988, the Somalis came and killed him. He was, in Adrian House's affectionate portrait, rather a hero.

**J.D.F. Jones**

# Japan is no joke

**THE JAPANESE**  
by Joe Joseph  
Viking £15.99 375 pages

**CAUGHT IN A MIRROR: REFLECTIONS OF JAPAN**  
by Lisa Martineau  
Macmillan £16.99 305 pages

**SILENT THUNDER**  
by Peter Tasker  
Oriam £14.99 287 pages

The Japanese are not second to America in defence spending, but fourth or fifth, depending on the strength of the yen. Some of his statements are crass, for example: "Yoshiaki Tsutsumi carries on a feud with his half-brother Seiji that makes Cain and Abel look chummy". But didn't Cain kill Abel and aren't both Tsutsumi alive and well and masters of big business empires? Joseph used to be the Tokyo correspondent of *The Times*, and his book is also a reflection of the declining international role of once great British newspapers. With the exception of the *FT*, the British press sees Japan as rich but still rather comic. News editors will leap at stories that poke fun and ignore seminal events as too horning.

Lisa Martineau is aware of western ignorance about Japan and early on draws attention to it: "As it was in the 1980s it is in the 1990s: the Japanese know much more about us than we know about them". She does not talk down, either to her readers or the Japanese, and resists the temptation to make cheap jokes. Instead, she takes on an exploration of Japan, beyond

plate-glass Tokyo and into the depth of the countryside. Patiently, letting the Japanese speak for themselves, she draws the curtains to reveal the life and the feelings of today's Japanese. It is a highly personal journey, but carefully observed, sometimes touchingly amusing and always informative.

I wish, though, that Martineau had offered more support for her claim that "young (Japanese) people firmly expect they will have to fight a war with America". More unfortunately, the book is marked by the absence of an index, for which the useful glossary does not make up, and by some sloppy errors. She talks of the Nankyu Braves baseball team when they were sold to Orrix in 1988 and became the Orix Braves. She claims that Nanze Mori is the wife (presumably widow now) of the real estate magnate Taikichiro Mori, who died recently.

For something completely different, try Tasker's novel, a romp. Tasker is a serious man, Bellalio and Kleinwort Benson, and won the title of Japan's most respected research analyst last year. He has produced an unbelievable tale of the seamier side of modern Japan, full of its corrupt links between politicians, bureaucrats and gangsters and littered with dead bodies. Its sleazy hero is a character you can warm to. He has a sharp eye for the Japanese underworld. And as for the unbelievable plot, who would have believed the true stories of Japanese corruption unearthed with the investigation of ruling party "Godfather" Shin Kanemaru?

Some of his facts are wrong

**Kevin Rafferty**

# Fiction/Alannah Hopkin A study of identity that reads like a dream

**EGON**  
by Carey Harrison  
Heinemann £14.99 309 pages

**SHEAR**  
by Tim Parks  
Heinemann £13.99 214 pages

**THE POSSESSION OF DELIA SUTHERLAND**  
by Barbara Neil  
Bloomsbury £14.99, 247 pages

estimating than the character it is describing. Nicholson is such a self-centred prig that his sticky end seemed richly deserved. If you are interested in the sort of woman who calls her labradors Bung and Ho and refers to sex as "stuffing", then *The Possession of Delia Sutherland* will suit. Unfortunately this is not a comedy, but a deeply serious romance. Delia, who farms Sleet, a 3,000 acre estate in the north of England, marries an extremely wealthy white Bahamian, Francis.

The marriage soon founders due to his philandering and Delia's lack of social graces, and they live mostly apart for some 20 years. Because the dogs ate a rather important letter (I repeat, this is not a comedy) which Francis wrote to her after a particularly tedious row, and when Francis dies in an accident, Delia is unaware of a codicil to his original will in which he leaves Sleet to Leon Kennedy, his love child by a black Bahamian. Leon turns out to be a charming young man who delights the old retainers and is soon having a steamy affair with Delia which is, of course, bound to end in tears.

The plot is absorbing, and the technicalities involved are explained very clearly. At the same time Tim Parks manages to create a strange, almost poetic fusion between the real world of stone and the process of Egon's breakdown. The fine writing is actually more interesting than the character it is describing.

The whole is recalled from a

café table in Marseille whether Delia has to tick her wounds. Barbara Neil is such a beguiling story teller that at the time of reading everything seems quite plausible; only on reflection does the absurdity of it all reveal itself.

**ART GAI**

**Jackie Wulschlagger**

Why  
Jewish  
girls  
raged

**A**merican Art in the 20th Century is the latest in the Academy's ambitious series of survey exhibitions, in which the art of a longish lifetime is being examined, country by country. The modern art of Italy, Germany and Britain has already been treated, and now it is America's turn to come before the joint-selectors' eye. For yet again, as with the others, the view of the subject in both general and particular is that taken by Norman Rosenthal of the Royal Academy, and Christos Joachimides of the Zeitgeist-Gesellschaft at Berlin, where the exhibition has already been shown. Here, there is no lack of controversy or entertainment. And critical substance? Well, up to a point.

Lord Copper.

The difficulty has been well rehearsed with their previous shows, but clearly must be set out again. Here is a show that advertises itself as "a breath-taking survey" and again "a monumental survey". Epithets notwithstanding, it is no such thing. Some 60 artists in all are shown, which is not an enormous number, especially given the generous representation some of them enjoy. Furthermore, 19 of them, something over 30 per cent, are shown in the post-1970 section at the Saatchi Gallery. A mere 14 take us from 1913 to 1940. The period before 1913 is dismissed altogether as of no account.

These are disproportionate figures, but only if the claim to being a true survey is taken seriously. Yet "survey" it is, which can only invite expectations bound to be disappointed. What Rosenthal and Joachimides have given us is their own partial and opinionated selection of the work they consider relevant and significant within their brief. There is nothing wrong in that, no matter how wrong-headed and perverse they may be. They should only declare themselves in their true colours.

As it is, there is nothing for it but to take issue with them. Did modern art in America really only begin in 1913 with the Armory Show in New York? In a limited sense perhaps it did, in first bringing the likes of Cézanne, Van Gogh and Picasso into general public view. But artists themselves, and indeed the more sophisticated American public, were surely better informed than that, and certainly no less well-travelled than their European counterparts. Are we to take it that in the disowning of the Whistlers, the Sargent and the Prendergasts of the 1900s, for being perhaps too Europeanised, we may read to the criti-



'Automat', 1937, by Edward Hopper, the sole representative American figurative artist of the earlier years of the century

## Limited view of the US

William Packer takes issue over the choice of artists' work

cal dismissal of impressionism and post-impressionism in their wider aspects? Certainly it would explain the marked absence of so many of the more figurative artists of the earlier period - no Sloan, Marsh, Belloc, Bishop, Nadelman, Edward Hopper must stand for them all, which is a gross misrepresentation of a vigorous tradition.

Ah you might say: but what about the necessity of an essentially American subject matter, that at least is given here in the works of Georgia O'Keeffe or Charles Sheeler, besides Hopper himself? But what could be more American than Reginald Marsh's burlesque theatres and strip-joints, or Isabel Bishop's railway stations, or George Bellows' fighters? And what is so especially American about Man Ray, who spent so much time in Europe, or the Frenchman, Marcel Duchamp, with whom the exhibition begins?

The whole point of American

art, of course, is that it is hardly American at all. It is, rather, but one element in an international, interdependent picture, viewed only in a particular cultural and historical light. As much has been true of western art for centuries. It is the old story of immigrants, expatriates and stay-at-homes, and their coming to terms with the currency and inheritance - the baggage you might say - of European art. How fascinating it is to find Marsden Hartley, in such images as his pre-1914 German Officer, so early and assured in his response to Cubism; and how strong the proto-Pop paintings and assemblages of the 1920s, of Arthur Dove and John Covert, Charles Demuth and Stuart Davis, now appear, straight out of Dada and the early collages of Picasso.

So it is with the next generation of artists, the founding fathers of abstract expressionism, whether newly-immigrant or native-born but united in

their assimilation of the later surrealist, expressionist and abstracted examples of such artists as Picasso, Ernst Miró, Kandinsky. Here the selection is at its strongest and most spectacular, with Arshile Gorky beautifully chosen and hung in the Academy's Room II, and the Banqueting Hall given to de Kooning, Pollock, Francis, Still and Kline. I would say here that whatever my feelings on the selection itself, the actual display, both at the Academy and at Saatchi, is admirably done.

But the problems with the selection simply will not go away. With certain favoured artists, such as Pollock or de Kooning, the choice is exemplary, shown in strength and offering something of the proper development of the work - and if there should be nothing of de Kooning after the mid-1960s, well, fair enough. But, again, immediately, we

turn on a step that is not there. If Gorky and Pollock are followed through to the 1940s, where is Rothko, whose work of that time is of the first importance as against the more familiar formulaic paintings of his last 20 years?

And given Kline, where is Motherwell? Was Barnett Newman the only colour-field painter worth considering after 1960? Where is Morris Louis, where is Poons? Come to that, where are all the other later painters, Diebenkorn, Pearlstein, Rivers, Dine? Such lacunae are not so much inexcusable as inexplicable, in a survey exhibition. Watch, as one might say, this space. I return to the matter on Tuesday.

American Art in the 20th Century, 1913-1970 at the Royal Academy, Piccadilly, W1, 1970-1993 at the Saatchi Gallery, 98 Boundary Road NW8; until December 12, sponsored by Merrill Lynch, The Daily Telegraph and American Airlines

## There's a funny thing

**B**ASINGSTOKE, that small southern English town, has suffered at the hands of dramatists ever since Gilbert & Sullivan. Now it has its revenge with the splendidly refurbished Haymarket Theatre, entirely reconstructed since June last year and reopening with *The Cheeky Chappie*, a play about the comedian Max Miller.

The theatre itself was on show for the event. The building opened in 1865 as a Corn Exchange, and then passed through lives as a cinema, roller-skating rink and fire station.

The 18-month restoration has consolidated and developed existing resources. The Haymarket now seats 480 in a two-level auditorium, with raked stalls and a hanging circle built within an iron frame inside the old

barrel-vaulted theatre. The auditorium presses itself on the senses with primary colours, the foyers are bright and clear, the restaurant in the basement itself a tricky stage set. If this seems overdone, it is at least intelligently overdone and consistently carried through.

Outside, original moldings have been meticulously renovated, and from the street the theatre looks inviting and easy on the eye.

Architects Denton Howard Wood Levin - theatre credits

include the Doormar Warehouse and the Prince Edward Theatre - should be congratulated on the

Haymarket, as should Kathleen Marsh, but still

concealing a 30-year

borough council and Hampshire county council which provided £2.5m and £640,000 respectively for the project. The patron, Richard Attenborough, should have better fortune with this than with his latest - fictional - charge of Jurassic Park in Michael Crichton's film.

Miller had a laugh like a starter motor and a mind like a sump: "I went home the other night, there's a fellow there, not a stitch on. Who's this?" I say to the wife. "Oh, he's a nudist, and he's come in to use the phone" - that's a clever one from the wife, eh?" There is plenty more of this, from Miller's famous "Blue Book" of jokes.

The chorus dances and sings a range of music-hall

standards, from the resolutely English of "Let a smile be your umbrella" and "If you were the only girl in the world" to the needily contrived irony of "I can't believe that you're in love with me" sung by Miller's wife (played by Pamela Power) while Miller and Ann (Helen Fraser) go to bed in the background.

Kenneth Macdonald, who plays Miller, has all his traits and tricks: the foot on the footlights, the walk developed to avoid creaky planks in seaside boarding houses late at night, the jaunty shoulders, the high elbows and the rotating wrists. It is a wonderful characterisation of this teller of puns and reveller in double entendre.

Andrew St George

The Haymarket, Basingstoke (0256 465566) until October 3

relationship with his

secretary, Ann Graham.

John East's biography, *The Cheeky Chappie*, has the facts, but Dave Simpson's 1986 play

with music conjures a fuller,

rounder character out of the

on-stage snut and the off-stage paranoia.

Miller had a laugh like a starter motor and a mind like a sump: "I went home the other night, there's a fellow there, not a stitch on. Who's this?" I say to the wife. "Oh, he's a nudist, and he's come in to use the phone" - that's a clever one from the wife, eh?" There is plenty more of this, from Miller's famous "Blue Book" of jokes.

The chorus dances and sings a range of music-hall

## Japanese passion and commitment

Max Loppert attends a remarkable music festival at the foot of the Japanese Alps

**A** visionairy Japanese musician who schooled most of them in western music.

Hideo Saito (1902-74), a cellist and conductor trained in Germany, was largely responsible for the post-war flourishing of music in Tokyo. In 1948 he founded there the small Music School for Children; 13 years later, after many struggles, this was expanded into the city's now-celebrated Toho Gakuen music school. An extraordinarily rich crop of fine musicians has been germinated by this institution - Ozawa, Japan's international conductor superstar, was one of the initial intake.

The orchestra gathers its former pupils first performed together in Tokyo, under Ozawa and the conductor Kazuyoshi Akiyama (co-director of the orchestra), in their master's memory in 1984. (Saito Kinen translates as "memorial to Saito".) The success of that memorial concert sowed a seed.

Tours abroad were mooted, and then brought about. London audiences will not easily forget the three Saito Kinen visits here (Barbican 1987, Proms 1990, South Bank Japan Festival 1991).

Two years ago Philips started to record the orchestra; and last year the Saito Kinen Festival was launched with Ozawa as artistic director. According to report, the entire 1992 ticket allocation was gone within an hour of first being offered for sale; this year's box office returns told a similar story.

The 1993 festival programme included chamber music (this year a marvellous Juilliard Quartet concert of Haydn, Janáček and - with Nobuko Imai - the Mozart G minor Quintet) and other imaginative programmes (notably a confrontation of western 19th-century melodrama - poetic recitation with piano - and Japanese traditions of speech-and-music). But its core, inevitably, was the three Saito Kinen orchestral concerts and the two concert-hall staged performances of Honegger's *Jeanne d'Arc au Stake*, in which the orchestra was joined by an international cast. (Last year the staging had been of Stravinsky's

of the Schoenberg produced some of the most astonishingly pure, radiant, fine-grained string-playing I have ever heard. One expects well-trained Japanese string players to work together precisely in ensemble; but here the unanimity, controlled intensity and tonal lustre of the Saito Kinen strings created the illusion that the work was being returned, in some flawless enlargement, to its original (and preferable) sextet form.

This was a festival experience to set alongside the most memorable of a lifetime. Ozawa, whose restless high-octane musical intelligence enables him to master difficult late-Romantic and 20th-century scores with consummate skill,

has in the past shown himself an unidiomatic conductor of the great classical symphonies.

At first this seemed still true of his Schubert and Beethoven: the muscle-power of the strings seemed used only for athletic display, not invigorating argument. (Philips were recording the performances live, which may have added to the tension.) But on the final afternoon, with the recording apparatus now removed, the Beethoven danced and sang with a new and often exquisitely good-humoured lightness

of touch.

The Honegger *Jeanne d'Arc*, a 1980s "dramatic oratorio" on a text by Paul Claudel, was termed a "wast paper frasco" by its composer. When Ozawa's DG recording, made with Paris forces, was issued two years ago, I was particularly troubled by its uneasy blending of fulsome mysticism, banal folksiness and arch infusions of jazz.

But this boldly simple staging by the Paris actor-director Georges Wilson (who also played Brother Dominic, as he does on the records) made all the elements click into the right dramatic place.

Marthe Keller, the Swiss actress, was an involving, personable Joan lacking only a certain French grandeur in her command of rhetoric. The stirring brilliance and flashing rhythmic articulation of Ozawa and his orchestra were equalled by a magnificent large combined choir from Tokyo, who in tonal firmness and eloquence easily surpassed their Radio France opposite numbers on the DG recording.

To hear Japanese choral singers' impeccable delivery of the French text provided a noble token of all the passion and commitment that had gone into the performance - and, indeed, into the Saito Kinen Festival as a whole.

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**S**O, I said, did you enjoy your holiday? The question was not innocent, especially not on the day the Greek government collapsed.

The former king of Greece smiled blandly. "I did indeed. Absolutely. It was a great holiday - all the family together on this small boat going round our country, which was a wonderful feeling."

Was it not spoilt by the crowds, the television cameras, the warships and aircraft following you?

"The shouting of the crowds was wonderful, the warships I could have done without. There were certain moments of tension, but a lot of relaxation, and swimming and running around with the little children."

"No, we had a good time," he added. "It was just some elements in the Greek hierarchy got the wrong impression. I think they assumed a lot and over-reacted on that assumption, and therefore the trouble started."

The man who styles himself His Majesty King Constantine, former King of the Hellenes, but whose enemies call "Mr. Constantine Glucksburg", enraged republicans by taking his wife Anne-Marie and five children on a tour of his homeland last month, the first since he fled into exile 26 years ago.

On his return to London, where he lives, the ex-king conducted a round of interviews arranged by his public relations couriers. I was ushered into his Mayfair office for an audience which included his elder daughter Alexia and second son Nikolaos.

"I don't understand why they had to over-react," Constantine innocently continued, though conceding that the night's display of popular enthusiasm on sympathetic TV channels might have had something to do with it.

Wasn't it naive of you not to anticipate the fuss, I asked? It's not as if you went incognito, slipping ashore at night for an ouzo in the local cafe.

"Thank God nobody yet has accused me of being naive."

Did you not foresee how politically sensitive your holiday would be?

He paused. "I anticipated that there would be quite a considerable amount of support, quite an amount of indifference and quite an amount of hostility."

"I didn't actually know how people would react. I really didn't."

You guessed that Karanlis would throw a wobbly, didn't you? (Karanlis, the 86-year-old Greek president, organised the 1974 referendum which abolished the monarchy and threatened this summer to resign if the royal party were not kept under surveillance).

"It's not a concern of mine because I'm a private citizen and I'm entitled to do what I want. If he wants to have a wobbly... well, he can go and wobble."

"Don't forget that for 18 years since the Republic was proclaimed I have deliberately kept away because I didn't want anybody to accuse me of interfering."

"Eighteen years is a long time for the Republic to get on with its act. It should be strong enough to cope with a private citizen going back."

He did not add that until he sorted out his tax dispute with the government last year, a visit could have been risky.

"The other consideration I had was my children. My children are Greeks, educated as

Private View/Christian Tyler

# The king's holiday of a lifetime

*The exiled monarch of Greece caused uproar by taking his family there this summer. Does King Constantine want his throne back?*

Greeks. We speak Greek to each other. They speak Greek to each other. It's their homeland. They want to start going back. I thought the time had come..."

Why go back with such a fanfare?

"It wasn't a fanfare. That was created by the authorities at home once I got there. They could have easily simply ignored it."

You could have gone on a package holiday to Corfu...

"There would be a fanfare. The moment I set foot..."

Nobody would know who you were.

"You bet your life they would! The moment I come out into the streets the whole of Corfu would come out."

What conclusion did you draw about the level of your support? (Surveys suggest it

has fallen from 30 per cent in 1974 to 10 per cent today.)

"No conclusions at all. I wouldn't even think about that in terms of percentages. I was taken aback quite honestly by the fact that wherever we went we were treated so kindly."

Given the political instability of the Balkans, do you think kings have a part to play?

"It could well be. It's very hard to answer that truthfully. I think there is a very good chance that it could happen. It doesn't necessarily mean that it will."

Was your holiday a test? Or was it just a tease?

"It was neither a test nor a tease. If it was a test there would have to be a hidden agenda. I don't have a hidden agenda."

Constantine lit another cigarette.

"Nobody in my family, and

certainly not I, is going to do anything to try to overthrow the republic."

"Quite honestly, and quite legitimately, I want to have the rights of every Greek citizen."

But have you renounced your ambition to sit on the throne of Greece?

"I have said nothing of the sort. I have simply said that the Greek people are sovereign. I will do nothing to prejudice their sovereignty. They can do whatever they like."

"If they were given the opportunity to say 'we want a referendum' and then 'we want the king back', I would do it."

You'd like to be King of Greece again?

"Absolutely, provided the Greek people wanted it. I would not like to be King of

Greece just for the sake of it. You can only be a sovereign, and constitutional monarchy can only work, certainly in Europe, if it's by the free will of the people."

What conditions would precipitate such a demand?

"I haven't the faintest idea."

Can you see anything in the present system which leads you to hope?

"I don't see it on the political agenda at the moment at all."

So you've been a king in waiting all this time. I said, like an actor waiting for the producer to call?

"I suspect that I might knock at your door."

"Journalism?"

"Yeah."

Why do you say that?

"I don't know. Just interests me. I used to be quite interested when I was a kid in the theatre. Used to put up Shakespeare and ancient Greek tragedies. I loved doing that. So I might go on stage or be a journalist."

Would you feel it beneath you to ask for a job, having sat on a European throne?

"No, no, that wouldn't bother me in the least but I'd be amazed if I got the job. Very difficult to employ a 53-year-old guy."

What name shall I take? I mean, I don't have another name."

Don't you have a family name?

"No, never had one."

What is your name, then?

"King Constantine."

So who is this Mr. Glucksburg?

"It's an invention. A total and absolute invention." Glucksburg, he said, was merely the German name for the place in Denmark from which his ancestor King Christian IX had come. "It's as if you were called Mr Kensington or something."

You said you are not just a king in waiting. But what is your job?

"Looking after my family," Constantine replied. He talked about the association of Kurt Hahn schools he had founded.

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(They include Anavryta, where Constantine was educated, and Gordonstoun, where his cousin the Duke of Edinburgh was sent).

Have you ever had a job as such?

"No, no, no."

Have you ever worked for money?

"No."

There are stories you worked for the Shah of Iran, and that you sold armoured cars.

"I know, I read all those things, too."

How do you live?

"With difficulty. But I have to find my way."

Who pays for this office?

"I find the means of doing it."

Is it John Latsis? I mentioned the Greek shipowner who has given £2m to the British Conservative Party.

"No."

Or anybody like him?

"I'm not going to get involved in that, I'm sorry."

That's my private business."

It became clear that Greece would never want a monarch again, and your funds ran out, what kind of job would you seek?

"I suspect that I might knock at your door."

"Yeah."

Why do you say that?

"I don't know. Just interests me. I used to be quite interested when I was a kid in the theatre. Used to put up Shakespeare and ancient Greek tragedies. I loved doing that. So I might go on stage or be a journalist."

More serious findings include the establishment of the "University of the Third Age" up and down the country and the success of Richard Ingrams' *The Oldie* magazine ("Buy it before you snuff it").

The statistic which underpins these phenomena is that 15 per cent of the British population is now over 65. The proportion is unlikely to grow much in the future, but it is a significant departure from the past.

All this makes the campaign of Age Concern ("How Long Before People Call You Names? Fight Ageism Now") timely, but confusing. To create a class of "Third Age" citizens with its own behavioural attributes and almost tribal cohesion is not equivalent to putting a civic premium upon longevity.

Recognising the rights of the old is not the same as honouring their duties, and to stress the "normality" of the old is misguided. And for the old to create hermetic spaces of their

## Truth of the Matter In praise of the sages

own, in which they proceed to ape the young - it happens, most notoriously, in Florida - is asking for marginalisation and ridicule.

The stereotypes on which an entertainment like *One Foot in the Grave* relies are, if one thinks about it, spurious. Peevishness is a fault of character, not of age. But the tendency to sideline the over-60s is enough to turn any of them into misanthropic ranters. As Cicero argued in his *Essay on Old Age*, mental agility has always been more highly valued than physical prowess. So why should anyone assume that muscular weakness implies failing powers?

What we need is to recover a collective acceptance of the ageing process which properly salutes those we already term senior citizens. That many old people in Britain resent that denomination is a mark of communal failure.

Seniority has become conflated with senescence, or even with senility; we have somehow lost the ancient understanding that an infant is born "mindless" and is only shaped into a rational being by the passage of years.

A busload of pensioners may not add up to a coterie of philosophers, but the association of age with wisdom is not dismissible as some outmoded sentiment. It is the logical consequence of the tradition of empirical knowledge.

"Ageism", if it implies the perceived redundancy of anyone beyond 60 (or 50, or even 40, as some women are finding), simply runs against the grain of scientific method.

The latitudes of age are a measure of good sense. This was something that our ancestors understood, with their essentially presbyterian societies; and it just survives in our present constitution with that stronghold of sages, the House of Lords. Ageism is irrational. To the defeat of irrationality, let us raise our glasses of chronologically challenged claret.

*Nigel Spivey*



Tony Andrew

As They Say in Europe / James Morgan

## A surfeit of good news

**T**HE PAPERS faced a real problem this week. What could they say about an amazing event that, by the time it took place, had become a bit of an anti-climax? And after all it was hard to say anything that added to the news itself. For me the high point of the ceremonial signing of the Middle East peace agreement came with the sight of Mrs Al Gore tripping across the White House lawn on the arms of an airmen, a scene surely stolen from that dreadful, long-forgotten Hollywood musical *North Atlantic*.

Even though the superfluity of comment has never stopped a leader writer writing leaders, this week there was clear evidence of comment fatigue. The Germans showed it most clearly. On Monday the press review of the radio station, Deutsche Welle, opened with the words: "The main theme in the editorials of the German papers today is the outcome of the election for the Mayor of Munich. In addition there is the long-running discussion over the successor to President von Weizsäcker as well as the signing of partial autonomy agreement for the Palestinians of Gaza Strip and Jericho."

The French, on the other hand, threw themselves into a frantic cliché competition. Walls of hate, a hundred years of bloodshed, salute the men of peace, 1993 all over again - it flowed in an endless stream. Eventually *Liberation* won the Purple Bore award by opening its commentary with the words, "It has been said, it has to be repeated, the agreement signed in Washington resembles that of 15 years ago which put an end to the war between Israel and Egypt only in form and in its staging."

The headlines ranged from "Peace sealed with a handshake" to "An end to bloodshed." *Aftenposten* of Oslo was able

*This week there was clear evidence of comment fatigue'*

to write, for the first time quite legitimately, about "Norway and the Middle East problem." The *Neue Zürcher Zeitung*, with its usual cheap sensationalism, ran the headline, "The Gaza-Jericho Agreement signed" right across two columns. This paper joined its peers elsewhere in solving the problem of what to write about when there is one big story and little else. You write about football. The *NZZ* examined the crisis in the Scottish game, which might seem odd until you remember that Scotland's attempt to enter the World Cup final rounds in the US next year seems to

unraveling its policy of intransigence in a period of transition that sees the burgeoning in Eastern Europe of young, inexperienced football federations. In other words, UEFA is not playing its role in the European process.

The last of the big three, the *Frankfurter Allgemeine Zeitung* devoted its main editorial last weekend to the prosperity of the German league, the Bundesliga. "Bad times are good for football." Thus many analysts see the boom in the Bundesliga. Things are not so bad in Germany, with recession and structural change, that everyday care have stopped fans going in their droves to football matches." Only in the old eastern states, said the paper, did football fail to flourish.

So it emerges that football is a symbol of national political failure - "The Bundesliga has again become what it was before unification - a purely west German quality sports product."

Thus these top papers confronted a familiar marketing problem - how to achieve product differentiation when the product is the result of external forces which are the same for everybody. Curiously *El País* in Spain failed to adopt the football solution. Regularly last week, on page seven, a full page contained a picture of the lower part of a male torso, fully clad. The caption read, "His testicles will appear in *El País*." Turn over to page nine and a photo of a clearly defined upper torso of a woman appears. Its caption is, "Her breasts will appear in *El País*." Page 11 was an advertisement for the "El País Visual Encyclopaedia of Living Beings." A Spanish colleague blamed this on the coarse Benetton ads featuring sick people and suchlike, but I think it was there to distract attention from all the good news.

■ James Morgan is economics correspondent of the BBC World Service.

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